

**TRANSPORTATION AND HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES
APPROPRIATIONS FOR FISCAL YEAR 2008**

THURSDAY, FEBRUARY 8, 2007

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:30 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Patty Murray (chairman) presiding.

Present: Senators Murray, Lautenberg, Bond, Bennett, Brownback, Stevens, Alexander, and Allard.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. MARY E. PETERS, SECRETARY

**ACCOMPANIED BY PHYLLIS F. SCHEINBERG, ASSISTANT SECRETARY
FOR BUDGET AND PROGRAMS**

OPENING STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. The hearing will come to order.

Today the Subcommittee on Transportation and Housing and Urban Development, and Related Agencies, is holding its first hearing of the year, and before we begin I do want to welcome four new members to the subcommittee: Senator Alexander, Senator Feinstein, Senator Johnson, and Senator Lautenberg. And I also want to give a warm welcome to our principal witness today, Transportation Secretary Mary Peters.

Today's hearing comes at a very important time. While the official purpose of this hearing is to review the President's transportation budget for 2008, the reality is that Congress has not yet enacted a transportation budget for 2007.

Currently pending in the Senate today is H.J. Res. 20, the joint funding resolution. That bill was developed by both the House and the Senate Appropriations Committees on a bipartisan basis. Its goal is to finalize the funding levels for the Department of Transportation and most other departments for the remainder of this year. It was made necessary by the fact that the last Congress never completed the appropriations process before adjourning.

The joint funding resolution for the most part freezes programs across the Government at their 2006 funding level. Importantly, however, the bill also makes necessary funding adjustments to deal

with critical programs that cannot and should not endure a funding freeze.

In the case of the Transportation Department, we were not prepared to ignore our responsibility to ensure safety in our skies, on our highways, and on our railroads. The bill provides funding increases totaling more than a quarter billion dollars to ensure that there are adequate numbers of personnel to control air traffic, as well as inspect and enforce safety rules governing commercial airliners, trucks, railroads, and pipelines. Without this additional funding, the FAA administrator told us that she would be required to put every air traffic controller and every aviation inspector on the street for 2 weeks without pay between now and the end of September.

The joint funding resolution currently before the Senate boosts funding for Amtrak to \$1.3 billion. Under the continuing resolution, Amtrak's funding would remain \$200 million lower than it was last year. That would endanger passenger rail service across the country, as well as the annual maintenance expenses that must be made to ensure safe operations in the Northeast Corridor.

Finally, the bill pending before the Senate provides an additional \$3.75 billion in additional formula funding for our Nation's highway and transit systems. That funding will serve to create almost 160,000 new jobs, while alleviating congestion. It will be an important infusion of cash to the States to help them address their most pressing bridge replacements, highway widenings, and safety enhancements. When you look at all the highway needs across my State of Washington, the additional \$71 million the State will receive is urgently needed and will be put to work right away.

The Department of Transportation, like most of the rest of the Government, is now operating under the terms of a continuing resolution that makes none of the funding adjustments I just talked about. It simply freezes all programs or cuts them to reflect the cuts that were passed in the House of Representatives during the last Congress. That CR will expire a week from today, February 15.

Now, some of our Senate colleagues have suggested we should not adopt this new joint funding resolution, and have advocated that we extend the existing CR through the remainder of the year. They are saying that we should forego these desperately needed funds for highways and transit, that we should allow the FAA to furlough all its safety personnel for 2 weeks, and that we should allow our aviation, truck, railroad, and pipeline inspection work force to dwindle.

As part of this hearing, we will learn Secretary Peters' views on that question. And very soon, Senators will have their first opportunity to vote on this question one way or another. Are we going to debate and pass the new joint funding resolution, or will we ignore our responsibility to transportation safety and investment for an entire fiscal year.

Now for 2008 the President has sent us a transportation budget totaling just under \$67 billion. That represents an increase of \$4.6 billion above the 2007 level that we hope to achieve by enacting the joint funding resolution. This 7.3 percent increase is a substantial boost, given the tight funding we find across the rest of the President's budget.

My biggest concern with this budget proposal is not what it does do but what it doesn't do. It seeks substantial new resources for one critical need, alleviating highway congestion, while providing little growth and even less emphasis on an equally critical need, reducing highway fatalities.

As a resident of the Puget Sound region, I can attest to the critical national need to address congestion. Congestion is keeping parents from their children and workers from their jobs. My State serves as a critical cargo gateway from Asia. Our future prosperity requires that we can get cargo out of our ports, onto highways and railways that are moving, not clogged with congestion.

The administration's budget proposes \$175 million for a series of new programs designed to relieve congestion. We are told that this investment is part of a new comprehensive, department-wide national strategy to reduce congestion. The Secretary is serious about this initiative, and I am willing to give it a very careful look.

But I also have to ask, where is the new comprehensive, department-wide national strategy to reduce highway deaths? Back in early 2003, when she was serving as our Federal Highway Administrator, Secretary Mary Peters noted that there were 41,000 highway-related fatalities annually and said we were facing a national safety crisis. She was right.

Tragically, however, the only thing that has happened since then is that the number of highway fatalities have increased, and it's not just the number of deaths that have increased. The fatality rate has increased as well, and the numbers are all going in the wrong direction. The 41,000 fatalities that alarmed the Secretary back in 2003 have now grown to more than 43,400. That is the highest number recorded in 15 years.

The Bush administration established a performance goal for the Department of Transportation to reduce highway fatalities to 1 fatality per 100 million vehicle miles traveled by 2008. Unfortunately, for 2005, the most recent year for which we have data, the rate was 45 percent higher than that, 1.45 fatalities.

The administration's budget documents indicate that the Department, instead of redoubling itself to achieving its goal, is now pushing off this goal until 2011. The Bush administration is lowering the bar when it comes to saving lives, and I personally find that disappointing. The growing carnage on our highways cries out for national attention and national leadership, and instead we see resignation and retreat.

The Department of Transportation has many different responsibilities. One of the jobs of this subcommittee is to make sure that the policy direction and funding we provide is balanced between all the transportation modes and all the challenges the department faces. I do commend the department for trying to seriously reduce congestion on a department-wide basis and asking for some innovative funding to back that up. But the department I hope also will bring an equally serious focus to reducing highway deaths. With the statistics moving in the wrong direction, one thing that is clear is that the current strategies are not working.

In the next few weeks our subcommittee will have a special hearing on just this topic with the National Highway Traffic Safety Ad-

ministration, the NTSB and other officials to address the problem, and I encourage all of our subcommittee members to attend that.

With that, I would like to recognize my partner and ranking member, Senator Bond, for any opening remarks he would like to make.

OPENING STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Thank you very much, Madam Chair, and I congratulate you and wish you well on assuming the chair of Transportation, HUD, and Related Agencies. I congratulate you on your new responsibilities, and based on our good working relationship in THUD over the last 2 years, I know we will have a good relationship in balancing the many needs and the important issues that are within what is left of our jurisdiction.

And it is with sadness that as I turn the gavel over to you, half the gavel is gone, with all the things that have been taken away from our jurisdiction. Now, it's no secret that I would have preferred to have remained chair, but I have the utmost respect for my partner from Washington's abilities and sensitivities to the many issues and points of controversy that are parts of our responsibility. We share many of the same concerns and objectives with regard to the programs and activities within the THUD subcommittee.

Again, we appreciate the close working relationship that we have had and our staffs have had in crafting the THUD portion of this ominous—excuse me, I used to call it “ominous”—omnibus appropriations bill called a CR. I'm glad we have an omnibus and not a CR, because a CR would have left us terribly underfunded, although I do share the concerns of many, my partner to the left, on the fact that Milcon was not funded, which the overall committee is going to have to address very, very shortly.

And now to turn to the new Secretary, Madam Secretary, congratulations to you. We are absolutely delighted to see you back. Now that it's snowing in Phoenix, it may not be so bad to come back to Washington. We've worked very closely over the last couple of years, during the passage of SAFETEA-LU, when you were Administrator of FHWA, and I know that we will continue to have a good working relationship.

As the chair has noted, the 2008 budget for DOT proposes \$67 billion in gross budgetary resources. Similar to last year, however, the administration chose to underfund popular programs such as the Airport Improvement Program, Amtrak, and new starts. Nevertheless, Congress is not likely to provide lower levels of funding in 2008 than what was done under H.J. Res. 20 covering the remainder of 2007.

I am pleased that the administration remains committed to meeting the guaranteed funding levels for highways as authorized under SAFETEA-LU. These funds will allow an increased investment in key highway and transportation projects which will complement and assist the continuing growth of the economy.

However, the administration chose to cancel the revenue-aligned budget authority put in place, I might add, as part of the Bond-Chafee amendment to a previous highway bill. I'm concerned over the loss of funding, since SAFETEA-LU calls for an upward adjust-

ment if receipts into the Highway Trust Fund exceed what we had anticipated. This results in a \$631 million loss for 2008, and as one of the original co-authors, I need to listen to the people in Missouri and other States to see where we should go in addressing our additional highway needs nationwide.

The administration also proposes a rescission of the unobligated balance of contract authority for demonstration projects authorized under ISTEA in 1991. These funds will provide for a \$175 million pilot to address congestion, which is, no doubt about it, a major problem for our economy and families across the Nation, and we see it here in Washington as it impacts both this city and rural and urban areas across the country.

Different approaches are needed for all our modes of transportation, and I will carefully review the administration's proposals to see whether these new ideas will actually provide us with ideas for the future or whether we're just continuing down the same path where we get little bang for lots of bucks. I continue to believe that while congestion on our rail and port systems are important areas to address, Highway Trust Fund dollars should be used only to address congestion on our Nation's crumbling road structure and not on other modes of transportation.

Now, Madam Chair, I'm unclear on the proposed \$900 million for Amtrak. Amtrak will directly receive \$800 million for capital spending grants, efficiency incentive grants, and \$100 million dedicated to issue capital matching grants to States for intercity passenger rail. While I remain critical about the expenditure, the manner of expenditure of Federal funds for Amtrak, I question whether this funding level will meet anticipated expenses for 2008, considering H.J. Res. 20 includes \$1.29 billion for Amtrak.

I continue to look for the administration to outline a precise vision for Amtrak and maintain pressure for the organization to meet its overall objectives and goals Congress has set. If detailed transportation improvement plans were provided by Amtrak, we would be better able to understand what the needs are and whether or not providing additional funds for passenger rail service is effective and efficient.

Another area I look forward to working with the department on FAA reauthorization. I know the administration is looking at a hybrid funding proposal involving user fees, increased fuel taxes, and general revenue. The details I guess we'll get next week. While it's too soon to pass judgment on the reauthorization without seeing the total picture, it's my hope the proposal will be fair and equitable to all parties involved in the aviation system: both commercial and general aviation.

I think it's critically important we get it right when dealing with how to fund the next generation of our air system. It's obvious FAA faces major challenges adapting to future changes such as the expanded use of very light jets and the anticipated increase in overall air traffic. Couple this with the complex challenge of managing a modernization program as large as the Next Generation Air Traffic System, and it's clear that the department and FAA will have their hands full. I know that Senator Murray will conduct further hearings on the FAA, and we look forward to working with you, Madam Secretary, and Administrator Blakey.

Another area of particular concern to me is the proper way to adjust the corporate average fuel economy or CAFE standards for passenger cars and light trucks. I was pleased to hear in the President's State of the Union that the administration proposes to reform and increase CAFE standards for passenger cars, using sound science and detailed cost-benefit analysis, and without impacting the safety of the motor vehicle fleet. In addition to the proposal for cars, the President supported the continued increase in fuel standards for light trucks and SUVs under an extension of the current light truck rule.

Nevertheless, we need to ensure that we make appropriate CAFE reforms that will not discriminate against domestic automakers in favor of foreign automakers, and that is a concern. It's important for Members of Congress and the traveling public to realize that CAFE is very complex and requires scientific analysis. In recent studies, several leading engineering and highway safety organizations, including the National Academy of Sciences and the National Highway Traffic Safety Administration or NHTSA, have warned that any significant increase in CAFE standards could have adverse impacts both on safety for the traveling public and the economic health of an already struggling U.S. automotive industry.

As one of the leaders in pushing for NHTSA to determine what technology is available to ensure increased fuel mileage without raising safety concerns, I think I should note that NHTSA was the one, after the first major increases in CAFE, that estimated that roughly 2,000 additional lives were lost on the highway when the original CAFE proposals led to a significant decrease in weight in cars without having the technology to achieve the greater mileage. The lighter cars did increase highway fatalities, a significant number of them, even in one-car crashes.

PREPARED STATEMENT

But, in closing, I do have concerns about the administration's budget and funding proposals as proposed for this committee, especially the funding proposed for housing programs that are the safety net for many low-income families, including seniors and persons with disabilities, as well as many of the other funding proposals that are contained in the jurisdiction of other subcommittees. How we meet these demands will be a challenge for the Appropriations Committee and the Congress.

Madam Chair, I thank you.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CHRISTOPHER S. BOND

Good morning Madam Secretary. I'm glad to see you back with the Department. We worked closely over the last couple of years during the passage of SAFETEA when you were the Administrator of the FHWA and I look forward to continuing our working relationship as well as hearing your comments today on the overall budget for all modes of transportation within the Department.

I also look forward to continue working with Senator Patty Murray as the new chair of the Transportation, HUD and Related Agencies Appropriations Subcommittee. I congratulate you on your new responsibilities and, based on working together on THUD over the last 2 years, I think we will continue to have a good relationship in balancing the many needs and important issues that are within our jurisdiction. While I would have preferred to remain chairman, I have the utmost respect for Senator Murray's abilities and sensitivities to the many issues and

points of controversy that are part of our responsibilities. I know that we share similar concerns and objectives with regard to many of the programs and activities that are within the THUD appropriations subcommittee.

The fiscal year 2008 budget for DOT proposes \$67 billion in gross budgetary resources. Similar to last year, the administration chose to under fund popular programs, such as the Airport Improvement Program, Amtrak and the New Starts. Nevertheless, the Congress is not likely to provide lower levels of funding in fiscal year 2008 than what is done under H.J. Res. 20, covering the remainder of fiscal year 2007.

I am pleased the administration remains committed to meeting the guaranteed funding levels for highways as authorized under SAFETEA. These funds allow an increased investment in key highway and transportation projects, which will complement and assist the continuing growth of the U.S. economy. However, the administration chose to cancel RABA, "revenue aligned budget authority". I am concerned over the loss of funding since SAFETEA calls for an upward adjustment if receipts into the Highway Trust Fund exceed what we had anticipated when we were drafting the bill. This results in \$631 million for fiscal year 2008. As one of the original authors of this concept, I will need to talk to people in Missouri and other States and see where we should go from here in addressing our additional highway needs nationwide.

The administration also proposes a rescission of unobligated balances of contract authority for demonstration projects authorized under ISTEA in 1991. These funds are to be provided for a \$175 million pilot to address congestion. As everyone knows, congestion is a major problem for both our economy and families across the Nation. Congestion impacts both rural and urban areas. Different approaches to addressing the issue are needed for all of our modes of transportation. I need to review carefully the administration's proposal to see whether we are spending these crucial dollars on pilots that will actually provide us with ideas for the future, or whether we are just continuing down the same path where we get little bang for the biggest bucks. I continue to believe that while congestion on our rail and port systems are important areas to address, highway trust fund dollars should be only used to address congestion on our Nation's crumbling road structure, and not on other modes of transportation.

I am still unclear on the proposed \$900 million for Amtrak. Amtrak will directly receive \$800 million for Capital Spending Grants and Efficiency Incentive Grants and \$100 million dedicated to issue capital matching grants to States for intercity passenger rail projects. While I remain critical of Federal funds for Amtrak, I question whether this funding level will meet anticipated expenses for fiscal year 2008 considering H.J. Res. 20 includes \$1.29 billion for Amtrak. I continue to expect the administration to outline a precise vision for Amtrak and maintain pressure for the organization to meet its overall objectives and goals Congress has set. If detailed transportation improvement plans were provided by Amtrak, we would be better able to understand what the needs are, and whether or not providing additional funding for passenger rail service is both effective and efficient.

I look forward to working with the Department on the reauthorization of the FAA. I am aware that the administration is looking at a hybrid funding proposal involving user fees, increased fuel taxes and general revenue. I understand the exact details of the long awaited reauthorization proposal will be unveiled next week. While it is too soon to pass judgment on the reauthorization without seeing the full picture, it is my hope that the proposal will be fair and equitable to all parties involved in the aviation system: both commercial and general aviation.

I think it is critically important that we get it right when dealing with how to fund the next generation of our aviation system. It is obvious that the FAA faces major challenges in adapting to future changes in aviation, such as the expanded use of very light jets and the anticipated increase in overall air traffic volume. Couple this with the complex challenge of managing a modernization program as large as the Next Generation Air Traffic System and it is clear that the Department and the FAA will have its hands full. I am certain Senator Murray will conduct further hearings on FAA where we can better understand and address these issues, and we look forward to working with both you and Administrator Blakey on these immense challenges.

Another area of concern is the proper way to adjust Corporate Average Fuel Economy (CAFE) standards for both passenger cars and light trucks. I was pleased to hear in the President's State of the Union that the administration proposes to reform and increase CAFE standards for passenger cars using sound science and detailed cost/benefit analysis and without impacting the safety of the motor vehicle fleet. In addition to the proposal for cars, I was glad to hear that the President supports the continued increase in fuel standards for light trucks and SUVs under an

extension of the current light truck rule. Nevertheless, we need to ensure that we make appropriate CAFE reforms that will not discriminate against domestic automakers in favor of foreign automakers and that appears to remain a concern under the proposal.

It is important for members of Congress and the traveling public to realize that CAFE is a complex issue that requires much thought and careful scientific analysis. In recent studies, several leading engineering and highway safety organizations including the National Academy of Sciences and NHTSA have warned that any significant increases in CAFE standards will have adverse impacts on the both safety of the traveling public and the economic health of an already struggling U.S. automotive industry.

I close by noting that I have many concerns about the President's budget and funding proposals, both as proposed for this subcommittee (especially the funding proposed for housing programs that are a safety net for many low-income families, including seniors and persons with disabilities) as well as many of the funding proposals that are contained in the jurisdiction of other subcommittees. How we meet these demands will be a challenge for both the Appropriations Committee and the Congress.

Thank you, Madam Chair.

Senator STEVENS. Madam Chair, I have another committee. I'd like to submit a question for the record concerning the Indian Roads Program. Would you do that for me, please?

PREPARED STATEMENTS OF SENATORS FRANK R. LAUTENBERG AND
SENATOR SAM BROWNBACK

Senator MURRAY. The Senator has that right, and it will be submitted for the record. Senator Lautenberg and Senator Brownback have also submitted statements for the record, which will be included as well.

[The statements follow:]

PREPARED STATEMENT OF SENATOR FRANK R. LAUTENBERG

Madam Chair, statistics tell a story. When it comes to transportation, the story they tell is of a system that is costly to consumer and is not safe.

In 2005, more than 43,000 families lost a loved one in a car crash. And traffic on our roads costs Americans more than \$60-more billion dollars a year—or 2.3 billion gallons—in wasted fuel.

In 2006, flight delays were the worst they have been in 6 years, according to a report released yesterday by the Department of Transportation. One in four flights arrived or took off late. Because of delays, it often takes 2 hours to fly from here to New York and New Jersey, and you are only airborne for 36 minutes.

But this budget does not offer a solution solve these problems.

This budget seems to feed our addiction to oil. President Bush proposes full funding of highway programs but cuts to transit funding by more than \$300 million. Cuts to Amtrak of almost \$500 million would tear apart the national passenger rail system or send the company into bankruptcy.

Who suffers here? Not the oil companies. Last year, Exxon made some \$40 million in profits. Working families pay the price for our failure to act—people who trying to get to work, or get home from work. People who need transit options.

I look forward to hearing witness testimony today.

Thank you, Madam Chair.

PRESS RELEASE, THURSDAY, FEBRUARY 8, 2007

WASHINGTON, D.C.—United States Senator Frank R. Lautenberg (D-NJ) issued the following statement during today's hearing of the Appropriations Subcommittee hearing on the President's budget request for the Department of Transportation for fiscal year 2008.

"For a president who used his State of the Union Address to say that we are too dependent on foreign oil, it is ironic that his budget proposal would slash transit funding by \$300 million, affecting 33 million transit riders each weekday.

"Instead of making air travel safer, the President wants to leave old equipment in place and air traffic towers low on staff. Instead of giving commuters more

choices by bringing Amtrak into the 21st Century, President Bush wants to give people fewer choices by destroying the nation's passenger rail system.

"Without adequate funding for Amtrak, rail service for New Jersey commuters who travel along the Northeast Corridor everyday could be in jeopardy.

"Given how crowded our skies and highways are becoming, I would have thought the President would propose more choices for New Jersey's commuters. Instead, he proposed fewer.

"I look forward to working with my colleagues to get this budget request on the right track."

Is The Bush Fiscal Year 2008 Budget Proposal Addicted to Oil?

Cuts funding for transit projects by more than \$300 million when transit ridership is growing some 33 million transit riders each weekday.

Cuts funding for Amtrak by 38 percent—\$500 million—which is insufficient to operate National Passenger Rail System.

PREPARED STATEMENT OF SENATOR SAM BROWNBACK

Madame Secretary, I want to thank you for coming before this committee today to discuss the President's budget request for our Nation's transportation system. Before I go into my questions, I'd like to take a moment to speak on a topic that is of great importance to me and the people of Kansas, and that is aviation.

You recently traveled to Wichita and made stops at some of the various aircraft manufacturers who call my State's largest city home. Kansans are proud of their legacy as the designers and producers of the world's finest aircraft, and the Air Capital of the World is home to five major aircraft manufacturers: Cessna, Spirit Aerosystems, Hawker Beechcraft, Boeing, and Bombardier Learjet. Last year, these companies employed over 31,000 people with a combined payroll of \$1.65 billion. Additionally, they are the driving force of south-central Kansas' economy: they purchased over \$1.9 billion in supplies from other Kansas-based companies. It is estimated that over 20,000 people are employed by subcontractors that provide services to the big five. Because of this, any indication of wholesale changes in the way the FAA does business sends shivers down the spines of thousands of my constituents.

This budget, which we assume is a precursor to the administration's detailed plan for FAA modernization, proposes to make large changes to the way in which the aviation trust fund is financed. Significantly, I read here that the administration wants to shift from our current model to a user-fee based model. Also, I read that the administration will likely recalibrate the fuel tax rates for general aviation.

First, I want to say that I understand the pressing need for the United States to update and modernize its air traffic control systems and get to a point at which the skies are open to fair usage by both airlines and private aircraft owners. However, I'm confused as to why the administration has linked the ability of the FAA to modernize with placing a greater share of the burden for paying for such updates on general aviation.

Here in front of me, I have estimates that come from the President's fiscal year 2008 budget request, and these estimates indicate that over the next 5 years, the current financing structure for the aviation trust fund would actually result in more receipts than would a user-fee alternative. These estimates note that under the current financing structure, receipts into the trust fund would increase at either 5 percent or 6 percent per year until 2012, resulting in net receipts for those 5 years of \$68 billion. These estimates further note that under a user-fee structure, receipts into the trust fund would increase anywhere from 2 percent to 8 percent per year with net receipts coming in at \$67.1 billion. Additionally, the FAA's budget levels have increased at a steady rate for the past 12 years. These numbers indicate that the FAA has been working with a stable increase in receipts from year to year for at least 12 years.

If changing the financing structure of the trust would result in fewer receipts in the future, and the current structure has produced a stable funding mechanism in the past, why change it? I simply don't understand how the administration intends to modernize our air traffic control system by instituting a financing mechanism that shifts a greater financial burden to a marginal user of the system—general aviation—and results in fewer receipts into the trust fund.

As to the budget's insinuation that the FAA will raise fuel taxes for general aviation, I want to remind the administration of a fundamental principle of economics: if you tax it, you get less of it. If you raise taxes on general aviation, you'll have fewer people flying small aircraft. General aviation users are sometimes portrayed as corporate fat cats who won't even notice a tax increase. However, the numbers

tell a different story. Typically in 1 year, approximately 80 percent of general aviation flight hours are consumed by people who are using single piston aircraft. In other words, these are small business owners and independent pilots who use only the smallest of small aircraft. These are the people who would be harmed the most by a tax increase on fuel. If a sharp tax increase becomes a reality, I'm sure many of them would find it uneconomical to fly.

I hope you understand my concern with the administration's proposal on user fees and fuel tax increases. If instituted, they would have an immediate effect on my State's economy.

Senator MURRAY. Senator Bond, thank you for your statement, and I am looking forward to getting the 2007 bill behind us and working together with you on this committee in a bipartisan way, as we have done so well in the past. I look forward to working with you.

Senator BOND. Thank you.

Senator MURRAY. For all the committee members, we have 21 members on this committee, a large committee, so knowing the Secretary's time is concise this morning, we are going to have her make her statement and then we will have rounds of questions, 6 minutes per Senator, alternating between sides based on when you arrived. So we will move forward to Secretary Peters' opening statement and then to questions. Secretary Peters.

STATEMENT OF HON. MARY E. PETERS

Secretary PETERS. Madam Chairman and members of the subcommittee, I want to thank you—

Senator BOND. Madam Secretary, could you pull that microphone—

Secretary PETERS. Will do, sir. Madam Chairman and members of the subcommittee, I want to thank you for the opportunity to be here with you today to share the highlights of President Bush's fiscal year 2008 budget plan for our Nation's transportation programs. Transportation, as you all know so well, lies at the core of the freedom we enjoy as Americans—freedom to go where we want, when we want; freedom to live and work where we choose; and freedom to spend time with our families.

Our goal is to deliver a transportation system that frees people to make daily decisions confident that they can reach their destination safely, without worrying about how they will get there or even if they can make it on time. To reach that goal, the President's budget requests \$67 billion for America's transportation network. Nearly one-third of the department's resources will be devoted to transportation safety.

TRANSPORTATION SAFETY

Madam Chairman, you are exactly right. There is no acceptable fatality rate when it's our loved ones, our communities, who are at risk. The President's budget proposes resources for equipping our Nation's airports and roadways with new safety technologies for targeting growing problems like motorcycle crashes, something that I have had a little experience with, and for supporting aggressive inspection of trucks, tracks, and pipelines to ensure the highest safety standards are met.

In addition to supporting our efforts to raise the bar on safety, the President's budget will help cut congestion and bring our trans-

portation system into the 21st century. For those who use our aviation system, it provides a framework for reforming our approach to paying for the safety and technology improvements needed to keep air travelers, freight, and pilots on schedule.

FAA REAUTHORIZATION

We have put together a package that will tie what users pay to what it costs the Federal Aviation Administration (FAA) to provide those services with air traffic control. Our plan puts incentives in place that will make the system more efficient as well as more responsive to the needs of the aviation community. Without reforms, we can all expect to spend more time waiting in airports or strapped in an airplane seat, sitting at the end of a runway.

While we will soon announce the details of our aviation proposal, I can tell you that the budget targets almost \$175 million for a 21st century satellite navigation system that will replace the current dated air traffic control architecture, as well as over \$900 million for additional capital projects that will support the move to this Next Generation system. For travelers, this transformation is going to bring greater convenience and reliability to the state-of-the-art technology that can safely handle dramatic increases in the number and the type of aircraft using our skies without being overwhelmed by congestion.

CONGESTION RELIEF

And for drivers stuck in traffic, the budget proposes a record \$42 billion in funding for highway and highway safety programs. Our budget proposes resources to help get traffic moving on clogged highways and city streets by directing \$175 million to support the comprehensive congestion relief initiative that was announced last year, and thank you, Madam Chairman, for recognizing that.

This funding will help our growing metropolitan areas that want to lead with leading edge solutions. It will help distribute real-time traffic information to commuters, so that they will know prior to traveling when the roads are congested and be able to make alternative travel plans. And it will allow us to accelerate development of the trade and travel corridors that will be key to moving freight and people without congestion in the future, particularly at our ports of entry.

Accessible and cost-effective transit projects also help fight congestion, and the budget provides \$9.4 billion for transit programs. The funding includes \$1.3 billion for major projects that will help provide commuter rail and other travel options in large urban areas, and another \$100 million will support transit alternatives in smaller communities and in rural areas.

FUNDING TRANSPORTATION INVESTMENTS

Even as we make these investments, we realize that a business-as-usual approach to funding these programs will not work much longer. There is, and will continue to be, money coming into the Highway Trust Fund from gasoline taxes, and revenues are growing every year, but so is spending, and at an even faster rate. The bottom line is that we're spending more than we're taking in, and

we've nearly run through the balances that had built up in the fund.

The highway funding problem is not going to go away, nor can we put it off until the last minute. So as we go through this budget process, I hope to start working with Congress now on solutions for long-term funding. In the long term, we need serious reform of our approaches to both financing and managing our Nation's transportation network to win the battle against congestion.

Serious reform must include reform of the legislative process itself. The explosive growth of earmarks in recent years has hit transportation programs especially hard, and I sincerely appreciate the decision by this subcommittee not to include appropriations earmarks in the continuing resolution. I support President Bush's call for transparency and a 50 percent reduction in earmarks in the coming year. As a former State DOT director, I strongly support giving States the freedom to set priorities and use Federal dollars where they will provide the maximum benefits for their citizens.

PREPARED STATEMENT

Madam Chairman, members of the subcommittee, thank you so much for giving me the opportunity to speak with you today. I look forward to working with each of you and the transportation community to ensure a safe transportation system, and to begin to break America free from stifling congestion. I look forward to answering your questions, and I am also joined here today by our Assistant Secretary for Budget and Programs, Phyllis Scheinberg. Thank you.

[The statement follows:]

PREPARED STATEMENT OF THE HON. MARY E. PETERS

Madam Chairman, and members of the subcommittee, thank you for the opportunity to appear before you today to discuss the administration's fiscal year 2008 budget request for the U.S. Department of Transportation. Transportation lies at the core of the freedom we enjoy as Americans—freedom to go where we want, when we want . . . freedom to live and work where we choose . . . and freedom to spend time with our families. Our goal is to deliver a transportation system that frees all of us to make daily decisions confident that we can reach our destinations safely without worrying about how we will get there, or if we can make it on time. To reach that goal, President Bush is requesting \$67 billion for America's transportation network in the next fiscal year.

For those who fly, the President's budget includes \$14 billion for the Federal Aviation Administration (FAA). The budget includes \$175 million to support the transition to a 21st Century satellite navigation system that will replace the current dated air traffic control architecture and over \$900 million for ongoing capital projects that will also support the move to this Next Generation system. For the flying public, this investment is critical if we are to deploy the state-of-the-art technology that can safely handle dramatic increases in the number and type of aircraft using our skies, without being overwhelmed by congestion.

Technology is critical, but the budget also includes significant resources to hire and train the people that keep the system safe. The fiscal year 2008 budget supports a total of 1,420 new air traffic controllers that will help replace controllers leaving the system due to retirements and other attrition. Based on our current projections this will result in a net gain of 144 controllers.

Most importantly, the fiscal year 2008 budget provides the framework of a new proposal that the administration will announce shortly to tie what users pay to what it costs the FAA to provide them with air traffic control and other services. Our plan puts incentives in place that will make the system more efficient and more responsive to the needs of the aviation community. Without reforms to help finance increased air traffic control capacity and modernization, we can all expect to spend more time waiting in airports or strapped in an airplane seat, sitting at the end

of a runway. We hope that there will be a vigorous debate about the structure of the system, and we look forward to working with the Congress to enact legislation later this year.

For drivers, the budget proposes a record \$42 billion, consistent with the funding envisioned in the Safe, Accountable, Flexible, Efficient Transportation, Equity Act: A Legacy for Users (SAFETEA-LU) for highway construction and safety programs.

Building on our safety accomplishments over the last 6 years, this budget will allow us to target problem areas like motorcycle crashes and drunk driving. The President's budget includes \$131 million for alcohol impaired driving countermeasures incentive grants as well as \$124.5 million for Safety Belt Performance grants to encourage States to enact primary seat belt laws for all passenger motor vehicles.

Crashes not only cost precious lives, but also precious time for everyone waiting for the road to be cleared and re-opened. So our budget supports aggressive development of "Intelligent Transportation Systems," which put the latest technologies to work both to help eliminate crashes and to cut congestion. We believe that technology has a central role to play in reducing the growing costs of congestion and system unreliability. We are proposing \$175 million to support specific elements of the comprehensive, department-wide National Strategy to Reduce Congestion announced last year. We hope to target these funds to support some of our most congested cities and explore cutting edge demonstrations of concepts such as time of day pricing, flexible transit systems, real-time traffic information, and improved incident management strategies. We also propose to accelerate development capacity and operations projects along our most congested trade and travel corridors through our Corridors of the Future program. We must get ahead of freight and travel trends along our most critical corridors to ensure that our interstate system continues to support the country's economic growth.

Accessible and cost-effective transit projects also help fight congestion, and the budget provides \$9.4 billion for transit programs. The President's budget includes \$5.8 billion to help meet the capital replacement, rehabilitation, and refurbishment needs of the existing transit system. Also included is \$1.3 billion for major projects that will help provide new commuter rail and other transit projects in large metropolitan areas. Another \$100 million will be used to implement a new program with a simplified funding process to help provide smaller scale transit alternatives such as rapid transit, to relieve congestion in both urban and suburban locations.

But even as we make these investments, we realize that a business-as-usual approach to funding these programs will not work much longer. There is—and will continue to be—money coming into the Highway Trust Fund from gasoline taxes, and the revenues are growing every year. But so is spending, and at an even faster rate. We are spending more than we take in, and we have nearly run through the balances that had built up in the fund.

We continue to be concerned in particular about the solvency of the Highway Account in the Highway Trust Fund. Our projections suggest that spending may outpace receipts before the end of fiscal year 2009. Because we do not want to burden the trust fund further, the budget proposal does not include \$631 million for revenue aligned budget authority—or RABA. As we go through this budget process, I pledge to keep the Congress informed of the administration's revenue projections, and work closely with you to ensure that we do not outspend our resources.

Long-term, we need serious reform of our approaches to both financing and managing our transportation network to win the battle against congestion. We must fully explore the variety of mechanisms available to us to pay for transportation, as well as analyze the relationship between each mechanism and overall system performance. Serious reform must include reform of the legislative process itself. The explosive growth of earmarks in recent years has hit transportation programs especially hard. The law that funds highway, transit, and safety projects had over 6,000 of them, a practice that takes away from the freedom that States have to put the money where it will do the most good. I want to reiterate the President's call to cut the number and cost of earmarks in half this year—which is vitally important if we are to maintain a transportation network responsive to our customers' needs.

We also urge action on making needed reforms to the Nation's Intercity Passenger Rail system. The President's fiscal year 2008 plan provides a total funding level of \$900 million for intercity passenger rail. Included in this total is \$100 million for a new matching grant program that will enable State and local governments to direct capital investment towards their top rail priorities.

Our "safety first" priority includes ensuring the safe and dependable transport of hazardous materials throughout the transportation network. The President's plan provides \$75 million for the Pipeline and Hazardous Materials Safety Administration's pipeline safety programs specifically for this purpose.

Finally, we are requesting \$154 million to support a fleet of 60 vessels in the Maritime Security Program—ensuring ships and crews to assist the Department of Defense with mobilization needs. Our support is critical in supporting our military as they give so much to protect our way of life.

Freedom is at the core of our American values. But we lose a little more freedom each time we venture into traffic. This budget proposal takes a big step in helping us get our freedom back.

Thank you for the opportunity to appear before you today. I look forward to working with the Congress and the transportation community to ensure a safe transportation system that helps America break free of stifling congestion.

Senator MURRAY. Madam Secretary, thank you for your opening remarks, and I look forward to working with you. Before I move to my questions, I just want to mention that I know that Deputy Secretary Maria Cino has resigned and has moved on to other responsibilities. She did an outstanding job for the Department, and I just wanted to make special recognition of the work she did in challenging times, moving the agency forward. She has now been replaced by another capable woman, and as my friend Senator Mikulski says, with a lot of women and a few good men, we'll get some things done on transportation this year.

Secretary PETERS. Thank you, Senator.

FUNDING TRANSPORTATION SAFETY PROGRAMS

Senator MURRAY. So I'm delighted to be working with you.

Madam Secretary, as I said in my opening statement, the joint funding resolution that is now before the Senate provides an increase totaling \$270 million for some of the critical safety programs in your agency. We included in that funding levels the Bush administration requested for 2007 air traffic control, aviation safety, railroad safety, truck safety, and pipeline safety. Our goal in doing that was to make sure that inspectors and enforcement agents were on the job rather than having to face furloughs.

I wanted to ask you, while you were in front of us today, if you could describe for us what would be the impact on your overall safety mission if we do not pass the joint funding resolution and instead freeze programs for the remainder of this year.

Secretary PETERS. Madam Chairman, as you indicated earlier, if we were funded at the 2006 levels without any opportunity for adjustment, it would have drastic consequences not only at the FAA but, as you mentioned, within other safety programs such as our rail safety programs, our truck inspection programs, and of course the air traffic controllers and safety inspectors of aviation maintenance facilities. We very much appreciate Congress considering adjustments to that process that would avoid these very negative consequences in our budget. We also would ask for, to the extent possible, flexibility in order to reprogram money within some of the funds so that we can meet these high priority safety needs.

Senator MURRAY. Thank you. And we're already into the fifth month of the current fiscal year. I assume your administrators need to know when this funding is coming fairly soon?

Secretary PETERS. Absolutely, Senator.

Senator MURRAY. Well, when it comes to hiring and employing adequate safety enforcement officials, tell me what the impact would be if we don't get this done by next Thursday.

Secretary PETERS. If not able to do this, we will see a serious decline in the number of safety inspectors, truck safety inspectors, rail safety inspectors, aviation inspectors, across-the-board in our programs. Madam Chairman, it would also eliminate some of our ability to work on important safety improvements that we need to make for the traveling public and those who use our aviation system.

Senator MURRAY. You used to serve as a State transportation commissioner as well as the Federal Highway Administrator. The joint funding resolution proposes to boost highway formula spending to all 50 States by \$3.4 billion. It's already well into February, and the States still don't know whether they're going to see this 9.6 percent increase. Can you describe for us what State transportation commissioners are saying today?

Secretary PETERS. Certainly, Madam Chairman. It is critical for State transportation commissioners to know how much money will be available to them in order to execute their capital improvement programs. It is especially important to those States who have a construction season that will be upon us very shortly. If they are uncertain that this funding is coming and unable to let contracts accordingly, we can easily miss an entire construction season.

HIGHWAY FATALITY RATE

Senator MURRAY. Okay. Thank you very much for outlining that, and I hope that we can all work together to get this out soon, so that they can get to work and we don't miss that construction season, so thank you.

Let me go to what I talked about in my opening statement, about the recent highway fatality data that has been released by your department. It's very disturbing, frankly. The number of highway fatalities grew to 43,400. That is a rate of 1.45 fatalities per 100 million vehicle miles traveled. That figure, as I said, represents the highest number of fatalities since 1990, and in real terms it means 1 life lost on our Nation's highways every 12 minutes.

Given those really grim statistics, why is your Department actually weakening your goal of reducing the fatality rate to 1.0 next year?

Secretary PETERS. The Department of Transportation is firmly committed to meeting its goal of the 1.0 fatality rate, but we have realized that we won't be able to achieve that goal by fiscal year 2008 as planned. To move the fatality rate even one-tenth of a point requires preventing approximately 3,000 additional fatalities at current fatality and vehicle-miles-traveled (VMT) levels, but we recognize how important it is to do so.

The Department has assembled a cross-modal working group to identify new strategies and technologies that will help reduce highway fatalities. The working group is analyzing trends and taking into account new technologies that are coming into the fleet such as the electronic stability control. Electronic stability control has the promise of saving as many lives as the seat belt did when it first came into prevalent use.

We want to use these tools to establish new performance targets in key areas, to focus the Department's effort on the critical factors responsible for these highway fatalities, and especially this very

tragic increase. These key focus areas include passenger vehicle occupants, non-occupants such as pedestrians and bicyclists, motorcycle riders, and large trucks and buses. These groups were chosen, in part, to cover the breadth of users.

Madam Chairman, I have heard you this morning about how important this is, and I promise you that I will personally go back and redouble our efforts to work on these safety issues, and call upon my colleagues throughout the transportation community to make this a very, very important issue this year.

Senator MURRAY. Well, I assume that you're not happy with having to move your deadline down 3 years on this.

Secretary PETERS. I'm not.

Senator MURRAY. And I guess I was really disappointed. You've got some great, bold new proposals in your budget on combating congestion, which we all agree is a problem, and I was hoping to see some bold new proposals that could take effect immediately, because these numbers have been coming at us for some time now and it's pretty disheartening.

So I hope that we can come back to this and talk about this again. And as I said, I will be having some hearings on this because I think it's something that we can't push down the road 3 years from now. With that, I'm going to turn to Senator Bond, and I will come back to this issue again in my next round.

HIGHWAY TRUST FUND

Senator BOND. Thank you, Madam Chair. And, Madam Secretary, we know that we've got some problems in both the funding for the Aviation Trust Fund and the Highway Trust Fund. We've seen several Highway Trust Fund runs showing a negative balance of approximately \$200 million by 2009. This is, as I indicated, the first time to my knowledge that the administration has not proposed funding the RABA funds.

You, as a former chair of the National Commission for the Future of the Highway Trust Fund, have been deeply involved in this question for a long time. Does the administration have a position on how to address the Highway Trust Fund going down, going into the red by 2009?

Secretary PETERS. Madam Chairman and Senator Bond, we are working on that as we speak. As you mentioned, I chair a commission that was appointed by this Congress to look at the future of surface transportation funding, and it's something we take very seriously.

In the near term, Senator, the administration has begun to take action to protect the solvency of the Highway Trust Fund, and these actions will result in a projected \$238 million shortfall in 2009, as opposed to the Congressional Budget Office (CBO) projection, which is \$3.62 billion. The safeguards that we have taken in order to protect the solvency of the fund include, as you mentioned, our recommendation that we not include the \$631 million in revenue aligned budget authority in the program this year.

Another step that we have taken is a new accounting procedure where we use flex funding from the highway account of the Highway Trust Fund to the mass transit account when the money is actually needed for outlays, rather than in one lump sum when the

contract authority and obligation authority are transferred. Because the mass transit fund outlays at a slower rate, there isn't any harm to the fund in our doing this.

But, Senator, I agree with you. We have to do something, and we have to do something in the nearer term, not the longer term. And you have my commitment to work with you in the coming year to look at possible solutions.

FAA REAUTHORIZATION

Senator BOND. We'll look forward to that. Do you have any idea yet how the administration's plans to deal with the Aviation Trust Fund will impact the funds required from general revenue and the trust fund in this committee for the 2008 year?

Secretary PETERS. Senator, in our budget that we have submitted, we have outlined some of the initial steps that we would like to take in order to modify and modernize funding for the air traffic control systems and for aviation safety in our Nation. I wanted to take just a moment of your time to talk about some of the limitations that have resulted in less than optimal customer service within the current system.

Safety is, and must always be, our highest priority, but we have seen more delays and a lack of reliability due to capacity and capability of the current system. In fact, many of you, like myself this morning, saw this headline in our own Washington Post, "Flying Late, Arriving Light." Too often we have delays in our transportation system, and we seek to remedy those delays within our proposed funding.

I wanted to share with you some of the statistics that have alarmed me, and I think all of us, in terms of what we need to look to in the future. In less than 10 years the Nation's air space will be 30 percent more crowded than it is today.

By 2012, FAA projects 23 percent more passengers will be flying, and by 2025 U.S. commercial carriers will be carrying 1.4 billion passengers. That is nearly an 87 percent increase over the number of people who are flying today. In 2012, FAA projects that aircraft handled by FAA en route centers will be 17.6 percent higher than in 2006, and by 2025 that demand will increase to 86.5 million aircraft, an increase of 87 percent.

The current funding structure that's based largely on the price of a ticket provides no direct relationship between the taxes paid by the users and the air traffic services provided by the FAA. In order to meet both current and future consumer demand, we need to transition to a dynamic 21st century structure that ties the use of the system to the cost, a system that is equitable and a system that is responsive to demand.

We have developed a proposal in consultation with the Joint Program Development Office and many of our stakeholders. That plan is represented in the President's budget and will also be in our reauthorization proposal next week.

Senator BOND. Thank you very much, Madam Secretary. That headline about arriving late kind of struck home to me. Twenty days ago, in the middle of a snowstorm, I arrived at Reagan Airport in Washington, and the plane landed at 6:40. They said the gates were filled, so we sat on that plane, two other fully loaded

planes, sat there during, I might add, during the first three quarters of the Colts-Patriots game, and we offloaded that plane at 9:20, 2 hours and 40 minutes later.

Needless to say, this does not generate happy feelings among the flying public. I commended the attendants on board for being nice. The pilot was funny. But the whole problem is absolutely unacceptable, which I have shared with the airline as well. But I also, just in case anybody thought I was not counting, I did count the time and I do remember it.

But I also fly, I have 1 million frequent flyer miles on small airplanes, and we need to find adequate funding for the AIP program, or the Nation's airport infrastructure is not going to keep up with demand. Are you going to have a proposal?

Secretary PETERS. Senator, yes, we are going to have a proposal. Proposed changes to the Airport Improvement Program (AIP) and the passenger facility charges will be forthcoming in our reauthorization proposal, which again, we hope to deliver to you next week.

Senator BOND. Thank you very much.

Senator MURRAY. Thank you, Senator Bond, for sharing.

Senator Lautenberg.

AIR TRAFFIC CONTROL

Senator LAUTENBERG. Thanks, Madam Chairman. This is the first time in 6 years that I have sat in the Transportation subcommittee, any subcommittee on Appropriations. In my previous service for 12 years I was either ranking or chairman of this subcommittee. I used to like that.

And I still like it, and I hate to think that I have to stay another 18 years to regain that position.

When I look at the proposal—and welcome, Madam Secretary—that has been offered in the President's budget, I see a lot of woe out there, and I don't mean W-H-O-A. I'm talking about W-O-E. In your testimony you introduced the fact that 1 in 4 flights these days is either late going or late coming, but late, and I see it.

I fly a lot to the New Jersey, New York airports. I live midway between LaGuardia and Newark Airports, depending on the traffic flow, and the flight is listed to be 36 to 40 minutes. That's after sometimes a 1-hour delay sitting on the ground or waiting for a gate when you finally get there. And so the proposal to increase the air traffic control population by 140-some, it's a rounded number, strikes me as being an impossible solution to the problem.

We know that light jets are going to be pouring into the sky, purportedly 5,000 of them in the next 10 years. That's not going to make it easier to manage the traffic. And when you look at the number, you're proposing over 1,000 hires but it's going to be a net of 140-something with the retirees.

How are we going to manage this traffic? We talk about safety being the principal factor, 45,000 people dying on the highways, and the delays in air travel that worry people, the unwillingness to finance Amtrak at a rate that makes sense. How do you justify that small number of additions to the controller population?

Secretary PETERS. Senator Lautenberg, you bring up a very important point, and we very much value our air traffic controllers who make sure that our airspace is safe. Accordingly, the Presi-

dent's budget provides funding to bring the total number of air traffic controllers to nearly 15,000.

An important fact is that controllers today operate the same number of aircraft as controllers did in the year 2000, and certainly there are more controllers and more airplanes in the sky today. We will have our updated controller work force plan out in March of this year. Administrator Blakey and I would be happy to share it with you at that time, Senator. The plan will demonstrate that we are ensuring adequate numbers of controllers.

Senator LAUTENBERG. Yes, but we're short now. It's estimated that there are almost 1,000 less air traffic controllers than 3 years ago, and the strain is obvious. So how do we look forward to managing what we've got? I don't see any way to do it, and I think the numbers are disastrously short.

AMTRAK

Let me talk for a minute about Amtrak. The company's last projection for fiscal year 2008 calls for almost \$1.7 billion in Federal funding. So why does the President only request less than half of that, \$800 million for Amtrak? Included in that, by the way, is a substantial amount of money owed on debt that must be paid each year. The number is over \$285 million. What do we do to keep this thing going, besides going into bankruptcy?

Secretary PETERS. Senator, we also are concerned about Amtrak, and we are very pleased to have seen a lot of progress in the last year by the Amtrak board and the Amtrak management. The President's budget for 2008 does support Amtrak and recognizes——

Senator LAUTENBERG. How much? Can you tell me?

Secretary PETERS. I'm sorry, sir?

Senator LAUTENBERG. What kind of progress did we see in the last year?

Secretary PETERS. In terms of the Amtrak board, sir, they are controlling costs in a better way. They are looking at their operating subsidies and attempting——

Senator LAUTENBERG. I'm sorry. That's a little too general for me. There are still empty chairs on the Amtrak board. Have you yet been to an Amtrak board meeting?

Secretary PETERS. Sir, I have not been to an Amtrak board meeting. I have, however, met with members of the board, and I also have met with Alex Kummant and talked with him about Amtrak. As I said to you in my confirmation hearing, Senator, I do support intercity passenger rail, and want to work with you and with the Amtrak board to make sure that they continue to provide service to Americans.

The other factor, though, sir, is that they do have fiscal resources in addition to the President's budget proposal of \$900 million. They have approximately \$2 billion in normal operating revenue that comes in each year. They also have nearly \$250 million in State subsidies, and with the \$100 million that we have proposed for the intercity rail grant program that could encourage more State participation, they could avail themselves of another \$100 million in matching funds.

Senator LAUTENBERG. It was said that they need \$1.8 billion for the next year, so to come back and say, "Well, there are other

sources,” the other sources are not sufficient to give the railroad the money it needs to improve the structure, the capital structure, or to support the operating losses. And at a time—and Madam Chair, I’m sorry—when security is so much on everybody’s mind, here we are, we’re locked into aviation, we spend a lot on highways, and we need a third leg on our transportation tripod in order for us to be able to manage. Heaven help if we need an evacuation in a time of trouble.

Thank you, Madam Chairman. Thank you, Madam Secretary.

Senator MURRAY. Senator Alexander, do you have any questions?

CONGESTION RELIEF

Senator ALEXANDER. Thank you, Madam Chairman. I look forward to being a member of the committee.

Madam Secretary, thank you for being here. I’m impressed with the attention you’re paying to surface congestion, and the numbers that you have in your budget are really staggering. I mean, we take these things for granted or we have come to accept them. You say 3.7 billion hours of travel delay, 2.3 billion gallons of fuel costing \$63 billion. That’s a lot of money and time and lost productivity.

And you list a number of things that you’re encouraging to try to reduce traffic jams which occur in almost every major city in America today, but based on your own experience, what do you see as the most promising ideas for making a real difference in the traffic jams and congestion that Americans experience every day driving to and from work?

Secretary PETERS. Senator Alexander, thank you for giving me the opportunity to answer that question. Some of the most promising things I see in terms of relieving congestion and getting our transportation system to flow more smoothly are within the technology realm. Many of our intelligent transportation systems can help us manage traffic in real time.

The sad fact is that once traffic breaks down, it takes up to four times longer to get that traffic moving again. So if we can use technology to inform us of what’s happening on the system, to give motorists the information they need, that certainly is one of the most promising aspects.

But another aspect, sir, that is very promising in terms of relieving congestion is using road pricing, dynamic pricing, or variable pricing as it’s sometimes called. On roads in southern California that are using dynamic pricing, we have found that we can get up to a 40 percent increase in throughput by using a pricing model on the same lane configuration. An adjoining, so-called, free lane gets 40 percent less throughput than does the price lane.

USE OF CELL PHONES DURING FLIGHTS

Senator ALEXANDER. I’ll switch to another subject. The Federal Communications Commission is currently considering proposals to allow passengers on airlines to use cell phones after takeoff. The FAA has some rules about that which limit the use of cell phones during flight for safety reasons.

I can think of some other reasons that that might not be a good idea, that have something to do with safety. It seems to me that

it would add to the cost of travel. I mean, you would have to hire more air marshals to stop the fistfights when people started yakking on their cell phones.

You would have to land, have emergency landings of the airplane to deal with the heart attacks and the injuries that would occur. You would have additional stress for 2 million travelers, who would come home after being strapped in between two people talking about their love life and their office personnel policy as they go along.

So I think it's cruel and unusual punishment even to think about the prospect of that, and I wonder what steps you're taking to—I wonder what the status of that is and whether we can expect that as we travel, that we'll be—that cell phones will be permitted after takeoff?

Secretary PETERS. Senator Alexander, I certainly share your concern about being trapped and strapped into a seat with someone carrying on a loud phone conversation on a cell phone next to me. I am not immediately aware of what the status is, sir, but I will look into that and get back to you as soon as possible.

[The information follows:]

The Federal Communications Commission (FCC) issued a Notice of Proposed Rulemaking (NPRM) on February 15, 2005 proposing to relax the ban on 800 MHz cell phone use on aircraft in-flight. Prior to issuance, the FAA had provided suggested language, which was adopted by the FCC, to mutually assure adequate protection of airborne and ground systems.

The FAA position remains the same on the use of cell phones in-flight. Before an operator can allow the use of Portable Electronic Devices (PEDs), including cell phones, it must determine that device won't interfere with any aircraft system.

FAA, along with the FCC, participates on the Radio Technical Commission for Aeronautics (RTCA) committee that was formed to develop the guidance procedures for PED allowance. RTCA continues to work on this issue.

One of the most contentious issues regarding in-flight cell phone use is the "loud-talking seat mate" concern. FAA shares this concern and, if cell phone use is allowed, the FAA will continue to monitor its impact on a flight crew's ability to perform critical safety duties.

Senator ALEXANDER. I would appreciate that. We value our freedoms in America, but I think you put it pretty well. In this case we don't have a choice. We're assigned a seat, we're strapped in it, we don't know who is next to us. So I hope it's something you'll pay attention to, and I'll look forward to hearing from you, what you find out.

Thank you, Madam Chairman.

Secretary PETERS. Thank you, sir. I will do so.

Senator MURRAY. Senator Bennett.

Senator BENNETT. Thank you, Madam Chairman. Welcome, Madam Secretary.

Secretary PETERS. Thank you.

Senator BENNETT. I hadn't planned to go into this, but I'm stimulated by Senator Lautenberg.

Senator LAUTENBERG. Thank you.

Senator MURRAY. Thank you for sharing.

Senator LAUTENBERG. Intellectually.

Senator MURRAY. I think this committee hearing is really getting out of hand.

AMTRAK

Senator BENNETT. As members of the committee have heard me say, maybe too often, I helped create Amtrak when I was serving at the Department of Transportation under Secretary Volpe during the Nixon administration, and I remember assuring the Congress—it was my responsibility to sell the idea to the Congress—I remember assuring the Congress that within 2 or 3 years Amtrak would be a freestanding private corporation, for profit, and there would be no Federal money involved. We are decades away from that promise, and it is clearly never going to come to pass.

You have talked a great deal about congestion relief, and a viable passenger rail, passenger system in corridors where there is a tremendous amount of traffic can be, should be a major form of congestion relief. Maybe we should be thinking about the Amtrak budget less in terms of, “Gee, this is what they need to maintain their present relatively inadequate service,” to “This is what we need to spend to get some congestion relief in this area.”

Now, the area where I part company with my friend from New Jersey has to do with the question of whether or not rail passenger should be a national system, and I have repeatedly in these hearings offered up Amtrak service in Utah to help get rid of the deficit, because the number of passengers that come into Salt Lake City could be handled on a single bus. One airplane a month, practically, if it were a 747, could fill the entire rail passenger usage into Utah, and the amount of money that is spent maintaining these long-range hauls for very few passengers has always struck me as being a foolish expenditure.

I would be more than happy to have that money go into the Boston-Washington corridor to give reliable, fast service to get people off the airplanes. But when I take Amtrak to New York, as I have done, frankly the on-time performance of the Delta shuttle is a whole lot better. Even when you add showing up at Reagan 1 hour early to get through security, and the mind-boggling, harrowing taxi ride from Laguardia into town, and add those two time delays onto the 45-minute flight, you will get there faster on the airplane than you do on Acela, that is supposed to be the high-speed system, and it's almost always broken down or it runs into some other kinds of delays, and I very, very seldom have had an Amtrak experience that has been on time.

So maybe we need a think tank of some kind within the Department of Transportation to say break out of the traditional stovepipes of saying we have this for rail traffic and we have this for bus traffic and we have this for airline traffic, and say okay, we have this many people that need to get across this piece of real estate, and what is the most efficient, rapid, logical way to move them? And then maybe we, in the name of congestion relief, take some money out of the Airport/Airways Fund—I don't know what you call it now, that's what we called it when we created it—and say for congestion relief we're going to supply Amtrak with these kinds of funds that will allow them to become reliable.

I've taken an Amtrak situation, I could have gotten across the country in an airplane in the period of time I spent on the train, and cabin fever on the train gets to you after a while when you're

constantly stopping for this or slowing down for that. You can only see so many back yards by the time you say, "Well, the scenery doesn't excite me anymore."

So I just raise that. I'm a conservative Republican who doesn't like to spend money, but the benefit of relieving the congestion in this most highly populated part of our country is something we ought to look at. And every year we go through the same Kabuki dance. Every year it's, "Why is Amtrak losing money?" "Well, we've got a new plan." "Well, the board is being tight now." "Well, we've got cost-cutting."

Maybe we just push all that off the table, take a clean sheet of paper and say we've got so many people that we have to move in this corridor, and what's the best way to move them? And if the best way to move them is by buses that are controlled by GPS systems and smart transportation, let's spend the money to do that. If the best way to move them is by train, and it's a high-speed train that goes at 150 miles an hour, let's spend the money to get track that stays up and stays operative at 150 miles an hour, instead of it's always down and always broken. And look at the whole situation, to use a term I learned at the department, intermodally, but perhaps with a new view of intermodal transportation than we ever had before.

Could you think about putting together a group of smart folks and locking them in a hotel room to think about this until they come out with some answers?

SYSTEM PERFORMANCE

Secretary PETERS. Senator, I think you make a very valid suggestion, and I certainly will talk with people back at the Department and within the industry about this. It is one of the challenges that the Surface Transportation Policy and Revenue Study Commission is looking at very closely, in fact. We're looking at how can we meet transportation demand in better ways than we have in the past, both in terms of freight and in terms of passengers.

It's one of the goals that I gave the President when I accepted the nomination, and you graciously confirmed me here in the Senate. I want to look at how our system is performing, as well as our funding and authorizing structures, and determine if they are meeting our needs in the way they should. I share your concern about the modal silos; we need to break those down and look more comprehensively at transportation for the future than we have in the past.

Senator BENNETT. Thank you. One last quick comment, Madam Chairman.

Senator MURRAY. I've been very generous with you.

Senator BENNETT. All right. Never mind.

Senator MURRAY. Senator Allard.

DENVER SOUTHEAST CORRIDOR LIGHT RAIL PROJECT (T-REX)

Senator ALLARD. Thank you, Madam Chairman. I come to this subcommittee as former chairman of the authorizing subcommittee on mass transit. It's a subcommittee on banking. And if there ever was an agency that overpromises and underdelivers, it's Amtrak.

You ought to look at some of our hearings if you want more information on that.

But I want to talk about a project that we have had in Colorado. It's called T-REX. It's a combination of rail and highway. I've talked to them about not overpromising to the Department of Transportation, certainly, and then underdelivering. That's very important. So I stressed it to them, how important it was that they keep the project on time—it's a huge project—and they do it within budget. They accomplished both those goals.

The most discouraging thing to me is that now the Congress and the national Department of Transportation are not keeping their end of the deal, and they have not put the money into the project to pay for their shared cost. In fact, the local governments had to borrow money to cover the cost that the Federals should have been carrying on their share of the deal.

I hope that when you work with local governments and States on these projects, that you don't overpromise and underdeliver, because I think that everybody's better served if we just watch and make sure that we don't overpromise and underdeliver. That's one particular case that's right in my backyard, that I think deserves mentioning. I think that we probably have to carry the message back to our States to be careful about the kind of project size, and make sure again that there is some fiscal responsibility and that it's going to serve the constituents and taxpayers the way it should.

The other thing that I wanted to bring up is, you asked the question about or you have in the budget—and Senator Alexander I think talked about this, about programs that relieve congestion on the highways. There are a couple of programs that we've already put in place, we authorized.

TRANSIT NEW STARTS AND SMALL STARTS

One is the new starts program, the other one is the small starts program. New starts was to encourage large communities, large cities to get into the mass transit system, and small starts was to go down to a smaller size city and encourage them to put together some mass transit systems that work. These programs are not being fully funded in your budget.

Congress has already in many ways begun to address what it is that we can do to get people off the congested highways. High technology is some thing that can be done but it's going to have minimal effect. I think we have some programs right now that, if you go ahead and provide the money for them, they're going to help get people out of congested situations on our highways.

I'd like to have you respond to those two, if you would, please.
[The information follows:]

The Full Funding Grant Agreement (FFGA) for the Denver Southeast Corridor, signed in November 2000, provides a total of \$525 million in New Starts funds for fiscal year 1999 through fiscal year 2008. The FTA seeks the amount indicated in Attachment 6 to the FFGA, a year-by-year agreed upon funding commitment in the FFGA as part of the President's annual budget request. By the end of fiscal year 2006, \$366.2 million had been appropriated for the T-REX project. This amount is \$27.2 million less than the Attachment 6 amounts in the FFGA for fiscal year 1999 through fiscal year 2006. Thus, as you mentioned at the hearing, there is a shortfall in the amounts appropriated compared to amounts requested in the President's annual budgets for these years.

The President's budget for fiscal year 2007 requested \$80 million, the FFGA Attachment 6 amount for fiscal year 2007. I am pleased to inform you that the President's budget for fiscal year 2008 requests \$78.8 million, compared with \$51.6 million in the FFGA Attachment 6, which will make up for the shortfall that you expressed concerns about during the hearing. In the fiscal year 2008 appropriations are enacted in accord with the President's budget request, the Denver Southeast Corridor project will be fully funded in accord with the Federal commitment originally called for in the FFGA.

TRANSIT NEW STARTS AND SMALL STARTS

Secretary PETERS. Senator, I certainly understand your concern about funding for transit in general, and the small starts and the new starts program specifically. Sir, we had some tough budget decisions to make within the administration, much like you do here on the Hill as well, and we endeavored to put as much money as we could to these programs.

But, as has been indicated earlier, we are funding transit about \$309 million below the fiscal year 2008 level authorized in SAFETEA-LU. In the President's budget, we also have put the brakes on the revenue aligned budget authority (RABA) for the highway program, to the tune of \$631 million.

But, sir, I will assure you that the President's budget has provided funding for every project that's ready to go in our fiscal year 2008 budget proposal. No projects that are ready for funding have been left on the table, and we have funded 11 existing full funding grant agreements, and have sufficient funding for two pending and two proposed grant agreements. We also have set aside \$72 million for six projects that aren't quite there yet, but we will continue to watch those projects, Senator, to make sure that we're not dropping funding.

For small starts projects, we have set aside \$51.8 million for four projects that have been approved to date and reserved \$48.2 million for additional small starts projects. One of the issues with small starts is that the regulations governing the program will not be fully in place until 2008, so we don't believe that there will be more projects than the \$100 million would satisfy in the near term.

ESSENTIAL AIR SERVICE PROGRAM

Senator ALLARD. Another program I wanted to bring to your attention is called the Essential Air Service Program. This enables air carriers to provide service between selected rural communities and hub airports. Now, the fiscal year 2008 budget proposes funding of \$50 million, less than half that provided for in the House-passed continuing resolution. Can you explain the impact on the program if we were to fund at less than half of the current level?

Secretary PETERS. Senator, I understand how important the Essential Air Service Program is to a number of small communities, and the President's budget includes \$50 million to continue service to the most isolated communities. Clearly this amount of money would not meet every eligible community's needs.

So our recommendation is to limit funding to those communities that are currently subsidized by the EAS program, that are more than 70 driving miles from the nearest large- or medium-hub airport, and the subsidy does not exceed \$200 if the community is more than 70 miles but less than 210 miles from the nearest large-

or medium-hub airport. We would then rank communities that are eligible under these criteria and allocate the \$50 million to the most isolated communities.

Senator ALLARD. With those priorities and that way of establishing priorities, do you think you'll have enough money, then, for half of the fiscal year?

Secretary PETERS. Sir, we believe we'll have about enough for the most isolated communities.

Senator ALLARD. How is that funded? I mean, where does the money come from for that?

Secretary PETERS. I'm going to turn to my Assistant Secretary for Budget for that question.

Ms. SCHEINBERG. The money comes from overflight fees that FAA collects.

Senator ALLARD. Okay. Thank you. Thank you, Madam Chairman.

Senator MURRAY. For the committee members, I've been very generous recognizing Senators as they come in and have not gone back to our side. Senator Brownback has come in. I'm going to allow him to speak. I will then return and reclaim my time, Senator Bond, and back to Senator Lautenberg.

Senator Brownback.

FAA REAUTHORIZATION

Senator BROWNBACK. Yes, thank you, Madam Chairman. I appreciate that. And Madam Secretary, delighted to see you, glad to see you were in my State not long ago, in Wichita, meeting with the aircraft manufacturers. They appreciate that greatly, and we appreciate it. It is, as you saw, a big industry in our State and they're doing quite well now. That hasn't always been the case. Some of the changes in the tax laws here and the growing economy have really made a big difference for them, and so they're hiring and doing very nicely.

One of the things they're real concerned about, and I want to get some of your thoughts on this, is shifting some of the burden on FAA modernization to general aviation. I had a group in my office yesterday. They, as I mentioned, they're growing. You saw them, what's taking place. It is a world class manufacturing operation. They're engaging more and more global competition, and they're just fearful that you're going to shift a bunch of the FAA costs onto general aviation.

And so I want to get you, if you could, to address some of these questions and concerns. Particularly there was an article in the Wall Street Journal this past Tuesday where the FAA Administrator said this: "I'm talking about shifting of cost, not increasing of cost." Now, we can assume that the shift in question would result in increasing the burden on general aviation, or that's what we're hearing. Now, is that the plan? Is it to shift it more to the general aviation manufacturers, or not? I'd like to hear your comments about that.

Secretary PETERS. Senator Brownback, we certainly appreciate the general aviation community, and they provide a very important service in the United States. Our reauthorization proposal will be out next week, and I believe that if we could wait until we have

that document, I can more fully answer your question about the impacts of modernizing the air transportation system on various industry segments.

Senator BROWNBACK. Well, I appreciate that. That doesn't give much solace. If you were addressing the Wichita City Council, my guess is they would want a little more fuller discussion or an assurance from you that you're not going to shift costs to general aviation.

I was noting in some of your budget projections that if you stayed within the current fee structure, you would actually raise more revenue than if you shifted a fee structure that's being projected under new user fee proposals. The current one would produce \$68 billion and the new fee structure, \$67.1 billion.

My point in saying this I think probably should be obvious. Here's an industry that's growing. It's doing well. But if you start putting on a 40 percent increase in general aviation fuel taxes, that's going to have a big hit in the system and it's going to drive a reduction in purchasing of the aircraft.

I hope you can understand that these have direct implications. The industry took back off after we made some tax changes here to allow people to purchase aircraft. It really helped the industry. But you can also do it in reverse and hurt it a great deal as well.

Are those being contemplated, increasing fuel taxes for general aviation?

Secretary PETERS. Senator, I know that the structure is being looked at. Again, not to be disrespectful of the question, I would prefer to answer that once the reauthorization proposal is out, so that I can correctly answer what might be included in the new funding system.

Senator BROWNBACK. Okay. I notice that you do have in your Department of Transportation budget proposal this statement: "General aviation users would continue to pay a fuel tax that would be deposited in the Airport and Airway Trust Fund. Fuel tax rates will be calibrated based on the costs these users impose on the system."

That sounds like to me an increase in fees is in your base. Now, I don't mean to try to trick you, but that's in your base document.

Secretary PETERS. Senator, yes. We have heard from the general aviation community, and I certainly heard this when I had the opportunity to visit Kansas. Their preference is to pay through the fuel tax system as opposed to any new user fees that would be problematic and difficult for them to pay. That is the issue to which we're referring in the budget. We do plan to have the cost allocation study come out at the same time as the reauthorization proposal, which will help us see where costs are imposed on various industry segments of the system.

PROPOSED AVIATION FEE STRUCTURE

Senator BROWNBACK. And I would hope you would look at your current fee structure versus your new proposed fee structure. If the current one is producing more in revenues than a new one, that wouldn't seem to make much sense. If you're looking for FAA modernization and funds to be able to do the modernization, it doesn't

seem like changing to a fee structure that produces less would be a wise move to go.

Secretary PETERS. Senator, one of the problems with the current system is that it is not dynamic and is not able to align costs to revenue based on system usage. Funding the Next Generation Air Transportation System will help us dynamically match the costs to system usage. But I absolutely understand your concerns about the general aviation community, and commit to you that we will look very closely at them.

In terms of the numbers that are included in the budget about the difference between what the new system would collect versus the old system, I'll ask our Assistant Secretary to explain how that was calculated.

Senator BROWNBACK. Please. I would just note before she gets on and my time runs out, I have heard people talking about as much as a 40 percent increase in general aviation fuel tax. That's going to hit people when you increase at that level, and I really don't think that's meritorious to do. I think it's going to be very harmful.

Ms. SCHEINBERG. Senator, I believe the numbers you're referring to are from a table in the President's budget. That table shows what revenues would be generated if the FAA user fees were in place in fiscal year 2008, which we're not planning to do until 2009, compared to the current system. There is a difference of about \$600 million.

What that says is that under our proposal, users will pay for what is needed in that fiscal year. The current system generates \$600 million more than the budget requests for FAA in fiscal year 2008. This difference is one of the reasons we're proposing a new system that generates the amount we need rather than money that is in excess for the year. There could be years in the future when we would need more money, but right now we're collecting money that is not completely correlated to the amount that we need in the budget. That's what that table is trying to show.

Senator BROWNBACK. Thank you, Madam Secretary. Thank you, Madam Chairman.

OVERSIGHT AND CONTROL OVER FAA FUNDING

Senator MURRAY. Thank you.

Madam Secretary, let me continue on the issue of the FAA reauthorization. I know we're not going to see your proposal until next week, but there is one major issue that really concerns me and really should concern every member of this subcommittee, and that is whether or not you're going to propose taking funding control and oversight of the FAA away from this subcommittee. Some of the major airlines have proposed that funding for the FAA be converted from discretionary category to mandatory category, taking it out of the control and oversight of this appropriations subcommittee, and I wanted to ask you today if the FAA reauthorization proposal that you're going to present will convert any of the FAA's accounts to mandatory funding outside the appropriations process.

Secretary PETERS. Madam Chairman, no, they will not. Those accounts will not be mandatory, and of course they would be subject to annual appropriation.

Senator MURRAY. Okay. Thank you very much. And even if your proposal finances the FAA through user fees, do you anticipate that this appropriations subcommittee will still set the annual disbursements of those funds for each program and project within the FAA?

FAA FINANCIAL MANAGEMENT

Secretary PETERS. Madam Chairman, yes.

Senator MURRAY. Given the considerable problems we have had with FAA procurements that have come in late, have come in over budget, or deliver less than was originally promised, would you agree that the FAA's acquisition budget needs an annual review both by the Office of the Secretary and by this appropriations subcommittee?

Secretary PETERS. Madam Chairman, we know that there have been problems in the past, and that GAO has had some of these programs on its "high risk" list. We have made significant progress within FAA in improving the management of some of the major investments. For example, in 2006, 97 percent of the major capital projects, which account for 90 percent of the capital spending, were on schedule and within budget, and we're on track to meet that level this year as well. We understand that this has been a long-term issue, and if I may, the Assistant Secretary has more information on that topic.

Ms. SCHEINBERG. As the Secretary mentioned, GAO has been looking at this for years, and they have come out with their most recent high-risk list. GAO reported that the FAA has done a number of things to improve its project management for capital improvements, and has given the FAA a complementary report. While this program is still on GAO's high-risk list, it's much improved according to GAO. We have spent a lot of time and effort inside the Office of the Secretary overseeing this program.

Senator MURRAY. Well, as you reported, your Department, as you know, received a clean audit of its financial statements for each of the last 4 years until this year, and this year your auditor couldn't issue a clean audit because of significant accounting weaknesses at the FAA. And I understand that the central problem pertains to the FAA's inability to accurately account for the value of all of its properties.

You stated that your authorization proposal is going to look at levying new user fees on the aviation industry based on the extent to which they use FAA services. So given that the FAA undermined the opportunity for a clean audit for the entire Department because of those accounting weaknesses, why are you now confident that the FAA can appropriately assess the true value of its services and charge user fees fairly for each of those services?

Ms. SCHEINBERG. If I may, Madam Chairman, the issue with the audit had to do with past years' documentation of FAA's capital improvement projects. The problems are consistent with FAA's past problems because they are from previous years.

The most recent years are much improved. Part of what this reflects is that FAA had major problems in past years. In current years, we have addressed the issues, but the accounting records go back. We need to clean up previous years as well. The weakness

was documentation for equipment that we had purchased in previous years.

As far as the cost accounting system and the cost allocation system, that has gone on separately, and FAA has led the way in the Department for being able to allocate its costs.

Senator MURRAY. Well, they will be before this committee at some point here in the future, but it just seems to me with the basic accounting problems that they have, it wouldn't be appropriate to put their budget on automatic pilot through the authorization of mandatory funding. I assume you would agree with me on that.

Secretary PETERS. Madam Chairman, we are not doing that, and we would agree with you on that point.

PRIMARY SAFETY BELT LAWS

Senator MURRAY. Thank you very much. Okay, with my minute left here I did want to go back to highway safety, just to follow up on that. I don't think that money is the answer to everything, obviously. None of us do. Senator Lautenberg here has been a champion of effective drunk driving action that has been mandated on the States, that has made considerable improvement.

Your department has long supported the enactment of primary seat belt laws by our States, and those laws have been on the NTSB's most wanted list for a very long time, but even so, only half the States have enacted laws. Some of our States in fact have been debating this for a very, very long time. Do you think it is time for us to go the route of sanctioning the States if they don't enact primary seat belt laws?

Secretary PETERS. Madam Chairman, we prefer to use incentives and rewards for behavior that helps improve safety, as opposed to sanctions. I would point out how effective that has been with the seat belt laws, in terms of providing incentives for States that adopt those laws.

Senator MURRAY. But have you personally traveled to any State to try and get them to enact their own laws?

Secretary PETERS. Yes, I have.

Senator MURRAY. Has that worked?

Secretary PETERS. Right now 80 percent of the States have laws. And I would harken back to my own home State of Arizona, where as a State administrator I tried very hard to get them to adopt that law. Once the incentives were put in place they ultimately adopted it.

Senator MURRAY. Well, I hope you and I can have this discussion as we go along, because it is disconcerting to me that only half the States yet, though the use of words, have used in that direction. And again, we're seeing high fatalities, so I think it's something we ought to take a look at.

Secretary PETERS. Madam Chairman, we recognize how important it is. In fact, I participated over the holiday period with a number of States on driving under the influence (DUI) task forces, and personally went out and spent the evening with them to try to tackle this drunk driving issue. We agree with you that it is very important.

Senator MURRAY. And how about the seat belt laws?

Secretary PETERS. They're also enforcing the seat belt laws. Again, as you said, it's much easier to enforce a primary seat belt law, so an officer doesn't have to stop a motorist for another reason.

Senator MURRAY. But only half the States have that—

Secretary PETERS. That is correct, Madam Chairman. I misspoke earlier. It's 80 percent seat belt use, but not all the States have primary seat belt laws.

Senator MURRAY. Senator Bond.

HIGHWAY TRUST FUND REVENUES

Senator BOND. Thank you, Madam Chair.

Madam Secretary, we've been talking about CAFE and increasing the fuel mileage. I understand that hybrid cars have been having some impact on reducing fuel usage, and my staff who have hybrids are very pleased to be freed from the costs at the pump. But what are these reductions in fuel usage having in terms of an impact on the Highway Trust Fund? Do you have some ideas, some figures on that, and any suggestions about what if any remedies might be needed?

Secretary PETERS. Senator Bond, I think you're exactly right. We are seeing declining amounts of funding coming in from the gasoline taxes, or I should say a flatter portion of fuel taxes coming into the Highway Trust Fund. I think it's one of the reasons that we need to comprehensively evaluate this system.

Sixty-five percent of the Highway Trust Fund revenues are related to gasoline and gasohol. We're seeing that the annual growth in the Highway Trust Fund revenues has slowed considerably over the last 5 years as compared to the previous decade. We're also seeing a slowdown in the vehicle-miles traveled, as well.

These are all precursors, in our opinion, to a need to look comprehensively at the effect these things are having on funding and whether or not fuel taxes are an appropriate mechanism for the future.

CORPORATE AVERAGE FUEL ECONOMY (CAFE)

Senator BOND. Well, I think that's appropriate to look at. Now, Madam Secretary, you and I know that there have been some very wonderful, exciting, bold proposals by those of us with all-knowing insight into vehicles, to propose corporate average fuel standards of 30, 40, 50 miles per gallon, and they are very ambitious. Do you have any views on why it makes sense for fuel economy standards to be set by DOT and NHTSA instead of having Congress legislate a particular numeric fuel economy increase?

Secretary PETERS. Senator Bond, I do. I think it's very important to have the opportunity to set those standards through a rule-making process that considers the attributes of various models of vehicles that are in the fleet today. We also want to make sure that we look at the scientific data, the cost-benefit analysis, the impacts on safety, the impacts on the economy, and the impacts on jobs as part of setting those standards.

Senator BOND. I hope you will, because Congress doesn't always look at them when it makes those wild proposals. And I would note that the automotive industry has been struggling for the past few

years. We've had significant layoffs across the country, including my State of Missouri, and many stakeholder groups within the automotive industry, including the United Auto Workers, have expressed serious concerns about negative impacts that large CAFE increases might have on automotive jobs.

I assume from your previous answer that the administration will be considering the negative impacts that CAFE standards have on U.S. automotive jobs. The current standards for vehicles as opposed to light trucks, sport utility vehicles (SUVs), might have that impact. Does the administration support a more targeted fuel standard based on the size of vehicles, so we won't disadvantage the U.S. auto industry?

Secretary PETERS. Senator Bond, we believe that we should use an attribute-based system which takes into account different vehicles that are in the fleet in establishing these standards. The President has laid out a very ambitious goal to attempt to save 8.5 billion gallons of fuel by 2015, but we also believe that we need to set these standards based on different sizes of vehicles that are in the fleet. Some families can't always use a small sedan, and so we have to take that into account as well, and not to have a disproportionate impact on any industry segment in the process.

FUNDING FOR CONGESTION MITIGATION

Senator BOND. Thank you. I think that's very important.

As I mentioned in my statement, we know that congestion is a major problem, and we've had some very innovative suggestions from my colleague from Utah. I will look forward to hearing more from him. But I want to see some more flesh on your congestion mitigation skeleton. Have you looked at alternative funding for this congestion program?

Secretary PETERS. Senator Bond, yes, we have. The SAFETEA-LU legislation that was enacted in 2005 provides opportunities for private activity bonds, which have been very helpful in attracting private sector investment to transportation infrastructure, and also by giving States the opportunity to use public-private partnerships more broadly than they did in the past.

I had a conversation with Ric Williamson, who is the chair of the Texas Transportation Commission, just this week. He related to me how these provisions have substantially helped them attract additional funding for transportation. But those should not be the only methods that we're using, Senator. We need to look more broadly at available revenues for transportation and what the impacts of those various revenue sources would be.

Senator BOND. Well, my former colleague was a very strong supporter of private activity bonds. We'll look forward to your proposals. Thank you.

Secretary PETERS. Thank you.

Senator MURRAY. Senator Lautenberg.

INTERCITY PASSENGER RAIL AND TRANSIT

Senator LAUTENBERG. Thanks, Madam Chairman.

To my friend from Utah, for whom I have a great deal of respect, he has had a lot of experience with Government and he's a thoughtful fellow, and he was one of the 93 who voted for the bill

in effect when it was presented. That was a good vote. Only six people were so conservative that they couldn't support it. So I thank you.

Now, in terms of your experience, Senator, you may bring bad luck, because the average wait time, on-time performance on Acela is 90 percent, other Northeast trains, 85 percent, all airlines is 75 percent. So I don't think I want to travel on the train with you.

Senator BOND. Senator, you probably don't want to travel on a plane with me, either.

Senator LAUTENBERG. I know Utah fairly well. Cottonwood Canyon has been a favorite place of mine in the Wasach Mountains. I love them dearly and I've been up and down them a lot of times.

And for our colleague from Missouri, my first training in the military was digging foxholes in the Ozarks, and I will tell you it's not possible, and I've seen a lot of muscle used.

I have fond memories of that State, and that's why I was pleased to see that the mule train is getting reinstated, and that there is service that could be employed between Chicago and St. Louis and other cities across the country. St. Louis to Kansas City would also be a good one.

In all seriousness, when we look at this energy savings, a passenger on Amtrak uses 2,900 Btu's per passenger mile. Automobiles, it's 3,500, and airlines, it's also 3,500. So the savings would be enormous. And I would tell you, in a very serious moment, I look at what happened when the Trade Centers went down, and railroad was the only thing operating. The aviation system came to a total halt. The highways were jammed. A country like ours ought to have a more reliable, robust rail system, and one of the things that we have to look at is what the energy savings might be.

But I think in terms of security of this country, and I remember the problems with two nuclear energy plants, one built in Long Island and one built in New Hampshire, and the principal problem with one of them, total abandonment of billions of dollars of construction because they couldn't offer a decent evacuation system to get people out of there in the event of a problem. So I think we have to look at the system.

And I am told, Senator Bennett, that if the train which passed through Salt Lake wasn't at 3 a.m. in the morning, maybe the traffic and service would be better. And for long-distance trains, the biggest problem for them is that they are often stuck behind freight railroads. That's tough, and they just can't command it.

So I have heard many cases made for projects, but you made a case for capital investment in railroads such as I have never heard, and that is if we could be a kind of Brussels to Paris kind of thing, 200 miles in an hour and 20 minutes. I was in the cab of the engine there, and the cows were flying by. It was really quite an experience.

Could you just imagine, if we could make the investment that we have to in Amtrak and long-distance rail, how many places could be improved in terms of their transportation? Washington State, Portland, for instance, making good use of rail service. Oklahoma City to Dallas, Texas would be an excellent corridor. So many places.

And I would ask, Madam Secretary, passenger rail I think clearly holds promise for not just getting cars off the roads but also reduction of our Nation's reliance on foreign oil. It was mentioned how much is lost as a result of congestion and delay. Does the administration see rail as an important mechanism to promote energy efficiency, reducing that reliance on foreign oil?

Secretary PETERS. Senator Lautenberg, I see your chart, and it certainly makes a compelling argument about the use of oil and the different modes of transportation.

Senator LAUTENBERG. Well, then, why aren't we getting more money for improving passenger rail service? You know, in Penn Station in New York the train traffic is equivalent to a 747 that leaves every 30 seconds. We see what happens now. They recently repaired and renovated a rail line from Philadelphia, Pennsylvania to Harrisburg, and the ridership went up 30 percent. That's what we're seeing. Wherever new rail systems are in there, transit systems, people take them out of necessity, to get out of the traffic and have more reliable arrivals when they have to go someplace.

And, you know, I see 3 weeks after the President's State of the Union address he proposed cutting funding for transit projects by over \$300 million from the congressionally authorized level. Now, in light of the President's environment and energy goals set forth in his speech, how do we justify these cuts for transit?

Secretary PETERS. Senator, we had some very difficult decisions to make in putting the President's budget together. We have been asked to keep non-defense discretionary spending down to 1 percent growth. We have actually allocated more than that to transit and highway programs, but we faced overall limitations, sir. Again, we are not leaving any transit project that is ready for funding on the table. All of those projects are funded.

Senator LAUTENBERG. Return on the dollar is the fact that it's got to be in consideration. Thanks very much. Thanks, everybody, for your tolerance during my reintroduction to the Transportation subcommittee.

Senator MURRAY. It's great to have you back.

Senator Bennett.

MASS TRANSIT AND CONGESTION RELIEF

Senator BENNETT. Thank you very much, Madam Chairman. I will be more succinct this time. I apologize for getting carried away before. I do remember learning in the department that in order to have mass transit make sense, you have to have a mass that needs to be transited.

There are those of us, you have a transit program, you talk about that as being funded, Salt Lake to Ogden, in my State, I'll defend that as vigorously as the Senator from New Jersey will defend Amtrak on the Northeast corridor because there is a mass that needs to be transited. But the mass that needs to be transited over the long distances of the West, to me it still don't make that much sense, but we'll have that debate later on.

Let me go back to, you're talking about congestion relief and the use of technology to get there. I simply want to call your attention to an example that you're probably familiar with but may not be, and that is the experience that we had in Salt Lake City in the

2002 Olympics. I learned, being connected to a State that put on the Olympics, that the biggest challenge of putting on a successful Olympics is transportation. That was the problem in Atlanta. That was a huge problem in Athens. And it was a problem that got solved extremely well in Salt Lake City.

A lot of folks don't realize, we had buses literally from all over the country, and I was in Salt Lake City and I would see these strange buses on the street and think that was kind of interesting, until I finally saw a bus that was a home town bus that I felt comfortable with and then did a double-take. It was a D.C. bus, not a Utah bus.

The thing that made it work was the electronic gizmos that I think you're talking about here. Every bus driver could be contacted from a central facility and told, "Avoid this intersection. You can get to where you want to go if you go two streets left. This is where we are." And the whole thing worked seamlessly by virtue of that kind of technology available.

One of the key parts that made it work was the training. And when we got buses imported from these various cities, we also had the drivers imported, who were properly trained so that they knew the vocabulary that was coming at them either electronically in the form of a GPS system or by voice in the form of a dispatcher. They instantly knew what to do.

And as you look at this whole question of congestion relief, don't just look at the technology but look at the training that has to go in it. Again, I'm willing to be one who will spend dollars for this kind of thing because of the value added that comes. People complain about an extra 2 or 3 cents on the gas tax, and then they don't realize that that 2 or 3 cents on the gas tax is going into the trust fund that could produce the technological changes that could reduce congestion. They will get that 2 or 3 cents back in huge multiples, being at their office on time, being at their appointments on time, getting their goods on time.

I'm glad that the overall statistics for Amtrak indicate that my personal experiences are not typical, but if we could say the value added of increasing the reliability and the speed of ground transportation in these areas can justify the additional taxes in other areas that get shared, we can make a case that people can be comfortable with.

The light is still green and I'm through, Madam Chairman. I want the record to reflect that.

Senator MURRAY. I am impressed.

Senator BENNETT. I would ask to put in for the record the name of the great, far-sighted CEO of the Salt Lake Olympics that implemented such a success, but I shall refrain from that because he's going to make an announcement within the next few days that might cause people to think this was a political advertisement.

RAIL SAFETY

Senator MURRAY. I thank you for refraining.

I have a few more questions for you, Madam Secretary, and then I'll turn it over to Senator Bond.

In drafting the joint funding resolution for 2007, our committee added \$5 million above the freeze level for the Federal Railroad Ad-

ministration's safety office, to get funding closer to the Bush administration request. Our goal really was to make sure that you can keep railroad inspectors and safety personnel on the job and enforce safety rules.

I see that your budget would cut this account by almost \$3 million in comparison to the joint funding resolution, and in fact it would be a cut of about \$4 million below the level that you requested for 2007. You announced that cut, in fact, on the day a train carrying hazardous materials was derailed in West Virginia, and less than 1 month ago another train carrying hazardous materials derailed in Kentucky, setting chemicals on fire and sending a lot of people to the hospital. Do you think this is the time to cut funding for your Department's rail safety activity?

Secretary PETERS. Senator Murray, I certainly share your concerns, and have talked with our Federal Railroad Administrator about rail safety on numerous occasions. Our fiscal year 2007 and 2008 budgets both assume the same staffing level of 449 inspectors, as well as adequate resources for these inspectors. We have applied cost savings to travel funding, not for the inspectors themselves but other travel funding. We have also targeted gap deficiencies within our inspector work force.

Senator MURRAY. Well, even according to your own budget documents, your request is going to force the FRA to delay filling some of their vacancies for 6 months and hire less qualified candidates for safety inspections. Doesn't that concern you?

Secretary PETERS. Madam Chairman, that certainly would concern me if that were the case. My understanding is that FRA has offered targeted buyouts to positions where we have specific gap deficiencies. But if I may, I will ask the Assistant Secretary to speak specifically to the budget items.

Senator MURRAY. Okay, but I will refer you to your own budget, where you say that the FRA proposes to not backfill vacancies for up to 6 months to achieve some of those cuts.

Ms. SCHEINBERG. I believe the vacancies that they would delay backfilling are less critical vacancies, not the inspectors.

Senator MURRAY. You assume that?

Ms. SCHEINBERG. Yes.

Secretary PETERS. Madam Chairman, if we may, I would like to get back to you on the record on that point, because I do believe you make a very valid point.

[The information follows:]

FRA has offered early retirement to approximately 30 employees in a variety of positions. Early retirements were not offered to any of our critical field safety positions, such as our inspector workforce. Six early retirements were offered to Headquarters safety specialists, who did not have the most effective skill sets FRA needs to face the challenges of the future. The FRA buyout plan was developed after performing a detailed workforce analysis that identified skill gaps in a variety of positions. Some positions to which early retirement offers were made include Supervisory Industry Economists, Program Analysts, Administrative Officers, Administrative Assistants, Railroad Safety Project Coordinators, Industrial Hygienists, and IT Specialists. Employees who accepted these offers will retire in fiscal year 2007, and be replaced in either fiscal year 2007 or fiscal year 2008, depending on their separation date. In many cases, FRA is proposing to replace these employees at a lower grade than the separating employee, which will result in cost savings.

The FRA is also proposing to not backfill selected non-critical safety positions for periods of up to six months during fiscal year 2008 in order to achieve cost savings.

This proposal will not postpone or delay hiring for our inspector workforce, or any other safety-critical positions.

Finally, the fiscal year 2008 budget proposes filling selected inspector positions at the GS-5 and GS-7 levels, consistent with our Inspector Trainee program approved by Congress in the fiscal year 2005 budget, which will allow us to continue to groom a diverse and robust inspector workforce. As explained in our fiscal year 2005 budget request, the “trainees” at this lower grade level represent fewer than 5 percent of our inspector workforce at any given time. Additionally, “trainees” are partnered with senior level inspectors to assure that inexperienced inspectors are not assigned to work independently until they possess the knowledge and skills necessary to fulfill their safety role independently.

FUTURE FUNDING OF THE HIGHWAY TRUST FUND

Senator MURRAY. I would appreciate that very much. That is very disconcerting.

Let me end by asking you about the Highway Trust Fund, a critical issue. Although your budget request pretty much follows the levels authorized, you have deviated from SAFETEA-LU by requesting about \$630 million less than the full amount that’s authorized. Even at those levels, it appears that your proposal will spend down the entire balance in the highway account of the Highway Trust Fund by the end of 2009.

I am one of those who is very interested in making sure we have highway and highway safety programs. They are very critical. But I am also very worried about putting the trust fund into bankruptcy, and I wanted to ask you what concrete proposals there are in your budget to refinance the Highway Trust Fund so we keep it out of bankruptcy.

Secretary PETERS. Madam Chairman, as I indicated, we took several steps to protect the solvency of the Highway Trust Fund through fiscal year 2009. I absolutely agree with you that we need to begin to discuss how we prevent the highway account from going into deficit, and I look forward to working with you to bring forward proposals toward that end. Also, as I mentioned, the commission is working very hard on those issues, and—

Senator MURRAY. When do we expect to see them?

Secretary PETERS. The commission’s report, ma’am, will be available at the end of December of this year. I’m assuming that the technical corrections bill goes through. But I hope to bring proposals to you even sooner than that.

Senator MURRAY. Well, I would hope so, because this is a looming crisis and we cannot delay a decision on this. The President’s budget wasn’t bashful in providing us with concrete proposals about extending that budget cut, so I would assume they should not be bashful about proposing how we handle major crises that are facing us like this, as well. So I hope that we can see something sooner than that.

Secretary PETERS. I understand, Senator.

ADDITIONAL COMMITTEE QUESTIONS

Senator MURRAY. At this point I see no other Senators present. Madam Secretary, I thank you for your testimony today. I look forward to working with you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

AMTRAK

Question. Madam Secretary, you are a Member of Amtrak's Board of Directors. Your budget is requesting \$900 million for AMTRAK—the same amount you requested in 2007. That amount is 30 percent less than the level the railroad received in 2006.

When you look into the details of your request, you're proposing to use \$100 million of this \$900 million for new matching grants to States to improve passenger rail infrastructure. So in terms of dollars that are immediately available to AMTRAK, your budget represents a cut of almost \$500 million or 38 percent. By anyone's account, whether it be AMTRAK's management or the DOT Inspector General, a cut of that size would surely put AMTRAK into bankruptcy.

What is the point in requesting \$100 million in matching grants to States for improved passenger rail service if the national provider of passenger rail service is bankrupt?

Answer. Over the last 30 years, the real growth in intercity passenger rail service has been in those corridors where States, such as Washington, have taken the lead in planning, designing and funding the service. This has happened despite the lack of the traditional Federal/State funding partnership for intercity passenger rail. The administration seeks to create that partnership in part because of the administration's belief that the States, and not Amtrak based in Washington, DC are most knowledgeable of their own mobility needs.

Question. Your budget explains that the \$100 million you have requested for these State grants is supposed to help the States to enter into partnerships to improve and expand intercity passenger rail service.

Who are the States supposed to partner with to improve passenger rail service if AMTRAK is allowed to go under?

Answer. Commuter rail operations across the country have demonstrated that there is a robust competitive market place for passenger rail operators—both passenger specific operators and, in some cases, established freight railroads. The administration would like to see the States receive similar benefits from a competitive marketplace for operators of intercity passenger rail service, a marketplace that would include an efficient and competitive Amtrak.

CONGESTION RELIEF

Question. Madam Secretary, as you know, the 2007 Joint Funding Resolution includes no earmarks for the discretionary accounts within DOT. That means that, unlike in recent years, you will be awarding some \$2.7 billion in highway and transit funds through a nationally competitive process.

Given your agency's new focus on alleviating congestion, which I commend, will you be using the funds that have been provided in 2007 to target dollars on applications that alleviate congestion?

Answer. In March 2007, shortly after the enactment of the fiscal year 2007 Continuing Appropriations Resolution (Public Law 110-5), the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) published Notices of Funding Availability in the Federal Register, where FHWA invited States to apply for grants to fund projects that address statutory goals and provide significant highway safety and congestion relief benefits, and FTA, through its "Congestion Bus Notice," invited applications for funding under the section 5309 Bus Program for projects that support the objectives of the National Strategy to Reduce Congestion on America's Transportation Network ("Congestion Initiative").

In line with the Department's goals to save lives and reduce traffic delays on highways, FHWA is making available a total of \$329 million in grant funds in an effort to target resources strategically across eight discretionary programs to improve safety and relieve congestion: Ferry Boat; Innovative Bridge Research and Deployment; Interstate Maintenance; Public Lands Highway; Highways for Life; Transportation Community and System Preservation; Truck Parking Facilities; and Delta Region Transportation Development Program. An electronic copy of the March 22 Notice is available at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2007_register&docid=fr22mr07-117.pdf.

FTA will reserve a significant portion of the funds not "earmarked" by law and otherwise available in fiscal year 2007 under the section 5309 Bus Program for projects selected in accordance with the Congestion Bus Notice of March 23rd. By separate notice published in the Federal Register, FTA solicited proposals for use of those funds not distributed pursuant to the Congestion Bus Notice and not ear-

marked by law to support other critical investment needs in both rural and urban areas.

Question. Will such applications be getting additional points or priority consideration as you award these funds for the current fiscal year?

Answer. FHWA has solicited applications and published Notices to assure competition for the discretionary grants and to enhance transparent and merit-based determinations to achieve program objectives, consistent with the purpose of the statute and administration policy. FHWA will award funding in accordance with the statutory criteria for each of the discretionary programs and will weigh the safety and congestion reduction benefits associated with individual applications. As indicated in the FHWA Federal Register Notice, those projects that meet the statutory requirements and make significant impacts to safety and to reducing congestion will be given priority consideration. Applications for fiscal year 2007 funding should describe how the project, activity, or improvement relieves congestion in an urban area or along a major transportation corridor, employs operational and/or addresses major freight bottlenecks.

On the transit side, to be eligible for funding pursuant to the Congestion Bus Notice, an applicant (a) must be located within a Metropolitan Statistical Area or Consolidated Metropolitan Statistical Area, as defined by the U.S. Census Bureau, which has (1) a travel-time index of 1.25 or greater, as reported by the Texas Transportation Institute ("TTI") in its 2005 Annual Urban Mobility Report; or (2) an annual congestion cost per traveler of \$600 or greater, as reported by TTI in its 2005 Urban Mobility Report; or (3) a number of hours of congestion per day of 7 hours or greater, as reported by TTI in its 2005 Urban Mobility Report; and (b) the applicant proposes to use the funds applied for to improve existing transit service or to provide new transit service in a corridor or area that is part of a congestion reduction demonstration. Priority for funding will be given to those applicants that have also been selected as Preliminary Urban Partners through the Department's Congestion Initiative. FTA is currently reviewing all the applications and expects to award a significant portion of the available discretionary funding to targeted bus projects in support of the urban partnership initiative while still funding many meritorious projects that address bus replacement, fleet expansion, and facility needs in other areas.

MOTORCYCLE SAFETY

Question. Madam Secretary, as you know, there was a 13 percent increase in motorcycle fatalities in 2005, representing the eighth consecutive year that there has been a rise in motorcycle fatalities. Moreover, motorcycle fatalities have increased an alarming 115 percent since 1997. Simply put, the current approach to reducing the number of motorcycle fatalities isn't working.

The Department's budget for fiscal year 2008 does propose an increase in funding for motorcycle safety activities, and in your statement you indicate that the Department is targeting this problem area.

But what specific new approaches is the Department going to take in order to start moving those numbers in the right direction, so that we see fewer motorcyclists die on our Nation's highways?

Answer. The rise of motorcycle fatalities continues to be a great concern to me and the Department. I am an avid rider, and I know the problem is multi-faceted and there is not one single silver bullet to solve the problem. The Department is looking at a comprehensive approach to motorcycle fatalities, which will include reducing the number of alcohol-impaired riders, decreasing the number of unlicensed riders and encouraging all riders to wear DOT-approved helmets.

To address the problem of alcohol-impaired riders, the Department will initiate a demonstration project implementing heightened law enforcement and communication programs to test their effectiveness in reducing alcohol-related motorcycle crashes. Impaired riding messages will also be incorporated into the impaired driving crackdown over the Labor Day holiday.

We will continue to work with State licensing agencies to implement programs that identify motorcycle owners that are not legally licensed to operate the vehicle, notify them of the licensing requirement, and assist them in obtaining the proper license. The Department will also continue to hold quarterly meetings with representatives of national motorcycle safety organizations to coordinate efforts to improve motorcycle safety.

In addition, we continue to encourage all riders to use DOT-certified helmets. Our efforts to promote helmet use include print and web-based consumer information materials, public service announcements, and articles in magazines and other publications. I recently challenged motorcycle manufacturers to help address rising mo-

motorcycle fatalities by providing free or discounted DOT-certified helmets with all new motorcycles purchased and ensure rider training is available for all their customers.

The Department will continue to implement the motorcycle safety programs specified in SAFETEA-LU. The Motorcyclists Safety Grant program will award \$6 million in fiscal year 2008 to States to use to support rider training and motorists' awareness programs. The Federal Highway Administration will continue to host meetings of the Motorcyclists Advisory Council to improve motorcycle safety through infrastructure design and maintenance and sponsor the motorcycle crash causation research study.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

AMTRAK

Question. Secretary Peters, I appreciate your offer to come to North Dakota and ride the Empire Builder. The Empire Builder is one of Amtrak's most successful long distance trains, recently reporting an increase in ridership in 2006 of 4.3 percent. And I appreciate the comments that you made during your confirmation hearing before the Senate Commerce Committee when you said that you agreed that we need a national passenger rail system.

However, the administration continually shows its lack of commitment to the success of Amtrak, and in fact ignores Congress' stated will to keep Amtrak going. Each year the President seeks insufficient funding for Amtrak, and the Congress has to act to restore the funding.

Can you explain to me why we must have this routine year after year?

Answer. Amtrak is based upon a flawed business model that works against achieving the administration's goal that the limited amount of discretionary funds available for transportation be expended in a cost-effective manner that meets important mobility needs of this country. As an example, the administration sees no compelling public purpose in funding subsidies of food, beverage and first class service. In each of the last two Congresses, the administration submitted legislation, the Passenger Rail Investment Reform Act, which would address the fundamental problems with how this Nation provides intercity passenger rail service. If that bill or something similar were to be enacted, we would break the annual routine that you mention.

Question. It is clear that Amtrak cannot survive on the \$800 million requested by the administration. What is the sense in asking for a budget that is so insufficient?

Answer. It is true that Amtrak as presently configured and operated cannot operate on \$800 million. That is the point. There are embedded inefficiencies in Amtrak's operation and items subsidized by the Federal Government that serve no compelling public purpose, such as its food and beverage service that consumed over 10 percent of Amtrak's total Federal subsidy in fiscal year 2006. The administration is unwilling to pay for inefficiency and activities not essential to basic transportation. The funding request puts management on notice that it must address these issues.

AVIATION

Question. Recently the Senate Commerce Committee held a hearing on airline mergers, and one topic that arose was whether some additional Government intervention was necessary for maintaining or improving air service to rural communities.

Do you believe the current system is working to sufficiently maintain service to rural communities?

Answer. The Essential Air Service (EAS) program was designed when airline rates, routes, and services were regulated as means of providing temporary support to some communities during the transition of the industry to a deregulated structure. Although the program was eventually made permanent, it has remained fundamentally unchanged since its inception. That is one reason the administration has proposed reforms over the last several years. We believe that the program needs to be targeted to serve the needs of the most truly isolated communities across the country, and the administration's plan offers specific proposals to accomplish that objective.

Question. With the administration's budget requests consistently cutting the Essential Air Services Program, is there another solution that you believe is preferable to achieve rural air service?

Answer. It is clear that the EAS program must be reformed or the costs will continue to escalate. As more and more regional carriers upsize their fleets to larger turboprops or even regional jets, it will leave more and more communities reliant upon subsidized EAS. In addition, as the spread of low-fare carriers continues, more local communities will be unable to support their local airport's service as travelers will drive to nearby, low-fare jet service. EAS service of two or three round trips a day cannot compete with low-fare jet service, and more and more communities are falling into this situation. The administration's budget request is wholly consistent with the notion that the most isolated communities should continue to receive subsidized EAS in order to keep them connected to the national air transportation system.

NATIONWIDE DIFFERENTIAL GLOBAL POSITIONING SYSTEM

Question. Madame Secretary, in your testimony you spoke about the Department's goal of reducing traffic fatalities and congestion. These are important goals and I support the Department in its efforts. One of the tools to help address these problems is the Nationwide Differential Global Positioning System (NDGPS). This nationwide system provides accurate positioning and location information to travelers, emergency response units, and other customers. North Dakota invested \$300,000 to convert a former Air Force Ground Wave Emergency Network (GWEN) station at Medora, ND into a NDGPS site. Another conversion is planned for a former GWEN site in Edinburg. In North Dakota, the system is used for land surveying, precision farming, utility locations, archeology locations, and emergency operations. In one example, a single North Dakota Department of Transportation official completed land surveying work for a highway project in 4 days using NDGPS that would have taken four officials 2 weeks to complete without the system.

Some of the most exciting NDGPS uses deal with traffic congestion and accident prevention. Applications are being developed to provide drivers with information they can use to more safely navigate roads. In my State, NDDOT officials are researching the use of NDGPS on snowplows to prevent future accidents. New investment is needed to expand the system and to improve the stations from single to dual coverage. The administration moved the funding responsibility of NDGPS from the Federal Railroad Administration to DOT's Research and Innovative Technology Administration (RITA). The fiscal year 2008 budget proposes \$5 million to "operate and maintain" NDGPS.

Question. What role does NDGPS play in DOT's goal of reducing traffic fatalities and congestion, especially in your Intelligent Transportation Systems initiative?

Answer. NDGPS is one of several enabling positioning, navigation and timing (PNT) services that may play a significant role in providing 21st Century solutions for 21st Century transportation problems. We hope that advanced PNT services will enable us to develop and deploy technologies that will increase safety and reduce systemic congestion across all modes of transportation.

NDGPS is one potential PNT infrastructure solution for Intelligent Transportation Systems (ITS) projects. ITS research has identified some future safety and mobility enhancing applications that would require PNT performance capabilities that NDGPS currently offers. Other, more advanced ITS applications may require additional infrastructure and performance upgrades to the current NDGPS system. However, ITS research is still on-going to determine how to best achieve the required PNT performance capabilities for ITS applications.

Question. Is DOT committed to expanding and improving the system? If so, is DOT planning budget increases for the system?

Answer. The Department decided to manage fiscal year 2008 inland NDGPS operations and maintenance expenses at a low level to preserve the Government investment in the system, while RITA completes a systems analysis and assessment of current and potential future NDGPS requirements for transportation and other applications. NDGPS user needs will be evaluated in conjunction with the National PNT Architecture effort to determine to what extent the NDGPS infrastructure can meet user needs as part of a national PNT architecture, before any decision on the future maintenance, operation or enhancement of NDGPS is made.

The assessment is identifying other Federal and non-Federal users of inland NDGPS that could fund its completion and operation. The assessment may also point to another funding source for future maintenance, operation or enhancement of NDGPS, or to shared sponsorship. The Department has stated that if no transportation or other Federal user requirements are identified as a result of the needs assessment, DOT would plan to end support for NDGPS. If the assessment determines there are non-Federal users, DOT would work to develop a transition plan for non-Federal sponsors.

The fiscal year 2008 budget request for NDGPS allows for continued operations and maintenance of the partially-deployed inland NDGPS segment, with no system build-out or enhancements. This request provides funding for DOT to continue protecting the Government assets, and to initiate action on the future course of inland NDGPS. The planned fiscal year 2008 decision could result in: continuing inland NDGPS system operations and maintenance; transferring sponsorship of inland NDGPS to another sponsor or set of sponsors; or other options that may be determined following the completion of the assessment.

Question. When will dual NDGPS coverage be completed in the United States?

Answer. Completion of dual NDGPS coverage depends upon the results of the needs assessment, and on funding decisions made by all NDGPS partners as a result of the assessment. At this time, approximately 92 percent of the area of the lower 48 States (CONUS) has single coverage, and 65 percent has dual NDGPS coverage.

Question. What are your plans for adding the Edinburg site into the system?

Answer. The Department recognizes the strong interest that North Dakota has had in NDGPS, providing funding for the Medora site, and the State's strong desire to add the Edinburg site to complete dual NDGPS coverage in North Dakota. However, we do not wish to add any additional NDGPS sites until the needs assessment is complete, and the long-term future of NDGPS funding and sponsorship are resolved.

CAPTIVE SHIPPERS

Question. During your confirmation hearing, you heard about the concerns that many rail customers have about problems with a lack of rail competition. Many of the rail customers in my State are served by a single railroad. They pay exorbitant rates and receive inferior service. A report by the Government Accountability Office has verified those concerns, concluding that: (1) captive shippers pay rates that are three, four or even five times as high as those of shippers with competitive choices, (2) the STB's rate relief processes are largely inaccessible and rarely used, and (3) the STB does not fully use its existing statutory authority to address competition issues or ensure reliable deliveries.

Do you agree that the STB has existing authority to create a more robust and effective rate relief process? And if you agree, what steps do you intend to take to prompt the STB to use that authority?

Answer. The Department agrees that the Surface Transportation Board (STB) has authority to adopt an effective rate relief process. In an ongoing rulemaking proceeding, the STB has proposed simplified, less costly procedures for assessing rate reasonableness in cases brought before it, and sought comments from stakeholders on those procedures. The Department has recognized this effort and submitted its views on the new procedures proposed.

Question. The GAO has reported that it would be helpful for a Federal agency to evaluate where areas of inadequate rail competition exist, and where an inappropriate exercise of a railroad's market power might force shippers to pay inappropriately high rates. Do you agree? Will the Department undertake such an investigation?

Answer. Such a study would have limited usefulness, because the absence of substantial rail-on-rail competition in an area is not, in itself, a good indication that rail competition should be introduced. The structure of the rail system has developed in response to varying levels of demand across areas and the particular economies of density that characterize the rail industry. As a result, some areas of low traffic density cannot support more than a single railroad. We do recognize, however, that the potential for exercise of market power in certain areas can lead to rate levels for which rate regulation may be appropriate.

Question. According to the GAO, each rate case filed with the STB takes an average of 3.5 years to complete, and costs approximately \$3 million. Do you think this is an appropriate amount of time and money for a shipper to spend on a rate case?

Answer. The Department has called for simplified, less costly procedures for adjudicating rate cases, particularly for small shippers. However, as the record going back to the mid-1990s of attempts by STB to simplify the process for small shippers has shown, it is not an easy determination. For example, there are trade-offs between simplifying the process and accurately assessing an appropriate rate level that is fair to both the shipper and the railroad. We believe progress is being made on this task, as noted above, with the STB's current rulemaking proceeding to simplify the process and reduce the cost.

Question. Has the Department conducted any analysis on the ability or limitations of the rail system to deliver either feedstock or refined ethanol to market, or the

impact of unreasonable rail rates on the cost of these critical domestic fuel supplies? If not, will you conduct such an analysis?

Answer. We are monitoring developments in the booming ethanol industry closely and have discussed the issue of alternative energy distribution broadly with the Department of Energy, Department of Agriculture and the Federal Energy Regulatory Commission. We would like to explore the potential implications of the specialized transport and distribution requirements of ethanol further. Two critical needs are the development of a pipeline infrastructure capable of carrying alternative energy products and the development of unloading terminals in destination markets, particularly to handle ethanol unit trains. Another is the availability of rail tank cars to serve the industry. If ethanol production continues on its present growth trend, and if rail continues to be the dominant mode to move it, there could be a demand for as many as 480,000 tank car loadings by 2010. Some reports put the backlog at almost 4 years for delivery of new cars.

Regarding rail rates for ethanol, we have no indication they are unreasonable. Ethanol is a hazardous material, and we would expect rates would be set high enough to cover the railroads' liability in the event of an accident and ethanol spill. Additionally, as with any commodity, rates must offer enough return to justify continued investment. The regulatory processes of the STB are available if a shipper decides to challenge an individual rate.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

AMTRAK

Question. President Bush appointed you to the Board of Directors of Amtrak, America's National Passenger Railroad. The company's last projection for fiscal year 2008 calls for almost \$1.7 billion in Federal funding. So why has the President only requested less than half of that—\$800 million—for Amtrak?

Answer. There are embedded inefficiencies in Amtrak's operation and items subsidized by the Federal Government that serve no compelling public purpose such as its food and beverage service that consumed over 10 percent of Amtrak's total Federal subsidy in fiscal year 2006. The administration is unwilling to pay for inefficiency and activities not essential to basic transportation. The funding request puts management on notice that it must address these issues.

Question. As a Member of the Board of Directors of Amtrak, you must be aware of the debt payments and liabilities of the corporation—likely to amount to \$285 million next year. You suggest funding to pay for Amtrak's debt ought to be paid for out of non-Federal sources, such as revenues. But all revenues are used to pay for operating and capital needs of the corporation. Where do you propose cuts to service or capital be made?

Answer. It is the administration's position that Amtrak's management has the responsibility for managing the Corporation in such a way as to live within the resources available to it.

Question. Does the administration feel Amtrak's debts should be paid at all?

Answer. The Department believes that Amtrak should meet its debt service obligations and makes that a condition of the grant agreements between the Federal Railroad Administration and Amtrak. To be clear, however, Amtrak's debts are the obligation of the Corporation and not of the Federal Government.

FUNDING FOR TRANSIT PROJECTS

Question. Less than 3 weeks after President Bush's "State of the Union" address, he proposes cutting funding for transit projects by over \$300 million from congressionally authorized levels. In light of the President's environment and energy goals set forth in his speech, how can you justify these cuts for transit?

Answer. The Federal Transit Administration's (FTA) budget requests \$1,399.82 million in fiscal year 2008 for New Starts projects, of which \$100 million is for Small Starts. The President's budget request sets priorities and keeps commitments by fully funding all existing construction projects, as well as funding four new, highly qualified projects.

FTA's budget fully funds existing and new multi-year construction projects under the New Starts program. Eleven projects with existing full funding grant agreements (FFGAs) are recommended for funding in fiscal year 2008. In addition, two projects with pending FFGAs carried over from fiscal year 2007 are proposed in the budget. Two new projects are proposed for funding in the budget: New York, NY—Second Avenue Subway, Phase I and Seattle, WA—University Link LRT Extension, both of which are rated "High" in overall project rating. It is expected that these

projects will receive an FFGA in fiscal year 2008. The table below reflects projected ridership for the two projects with pending FFGAs and the two projects proposed to receive FFGAs in fiscal year 2008.

RIDERSHIP FORECAST FOR SELECT PROJECTS ANTICIPATED TO RECEIVE FFGAs IN FISCAL YEAR
2008

City	Project	Ridership Forecast	
		Ridership	Forecast Year
Pending FFGA:			
Denver, CO	West Corridor LRT	28,300	2030
Portland, OR	South Corridor I-205/Portland Mall LRT	46,500	2025
Proposed FFGA:			
New York, NY	Second Avenue Subway Phase I	213,000	2030
Seattle, WA	University Link LRT Extension	40,200	2030

During the November–December 2006 time frame, New Starts ratings and the President’s fiscal year 2008 budget decisions were finalized. At that time, six projects were forwarded in the “Other” category that might be ready for funding or an FFGA prior to the end of the fiscal year (September 30, 2008). Forwarding these projects in the “Other” category of the budget demonstrates the administration’s interest in funding them if progress toward completion of preliminary requirements is sufficient to support a recommendation for an FFGA under the New Starts evaluation and rating framework. During late spring and summer 2007, FTA will provide periodic updates on the “Other” category projects to appropriators to support sound appropriation decisions. Past experience has shown that not all of the projects in the “Other” category will be ready for funding or an FFGA during fiscal year 2008. FTA is confident that the amount requested for New Starts in total meets the demand for funding expected during fiscal year 2008.

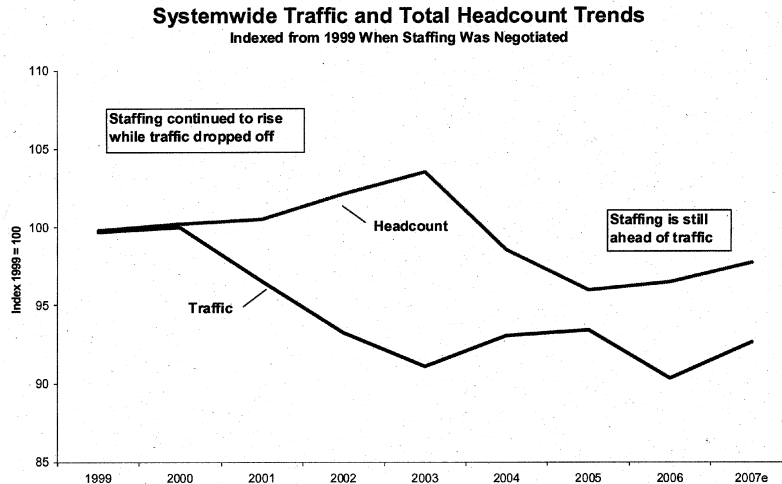
FTA requested \$100 million for Small Starts in fiscal year 2008 because there were no Small Starts projects ready in fiscal year 2007, and only four Small Starts projects were ready for funding when work was completed on the fiscal year 2008 budget. In total, those projects only need \$52 million in fiscal year 2008 and two of those four will now be funded in fiscal year 2007. Thus, the Small Starts request is realistic and sufficient, both for these projects and for any other Small Start that becomes ready for funding in fiscal year 2008.

FEWER AIR TRAFFIC CONTROLLERS

Question. There are still almost a thousand less air traffic controllers than 3 years ago, and the strain on the system is obvious, with delays throughout the system and a growing workload for each controller. How do you know that the 1,420 controllers you plan to hire will be enough, given that FAA has underestimated the number of retirements?

Answer. At the end of September 2003, there were 15,691 controllers on board compared with 14,469 as of March 31, 2007, for a difference of 1,222 controllers. This only tells part of the story, however, as the Federal Aviation Administration’s (FAA) previous contract required the agency to increase staffing, even as the number of FAA-handled operations plummeted following the September 11, 2001, terrorist attacks. While the agency continued to hire, the FAA’s customers in the aviation industry were laying off tens of thousands of employees and drastically scaling back operations.

From the chart below, you can see that today headcount is still ahead of traffic. You can also see that through 2006, total operations per controller on average remain more than 6 percent below pre-September 11, 2001 levels.



FAA now staffs its facilities based on traffic, with workload driven by the number of positions that need to be staffed due to forecasted traffic demands. Additional information can be found in the March 2007 Report, *A Plan for the Future: The FAA's 10-Year Strategy for the Air Traffic Control Workforce*. This concept of staffing to traffic requires the FAA to incorporate many individual facility characteristics. They include facility-specific traffic volumes based on FAA forecasts and hours of operation, as well as individualized forecasts of controller retirements and other attrition losses.

—In fiscal year 2006 the FAA hired 1,116 air traffic controllers.

—In fiscal year 2007 the FAA plans to hire more than 1,300 new air traffic controllers.

Should adjustments become necessary due to changes in traffic volumes, retirements or other losses, the FAA will take action at the facility level.

REPORTS TO CONGRESS

Question. When does the administration intend to submit the following reports, as required by law:

—Public Law 109–115: “*Provided further*, That not later than December 31, 2015, the owner or operator of an airport certificated under 49 U.S.C. 44706 shall improve the airport’s runway safety areas to comply with the Federal Aviation Administration design standards required by 14 CFR part 139: *Provided further*, That the Federal Aviation Administration shall report annually to the Congress on the agency’s progress toward improving the runway safety areas at 49 U.S.C. 44706 airports.”

—Public Law 109–59:

SEC. 2003. HIGHWAY SAFETY RESEARCH AND OUTREACH PROGRAMS.

(f) REFUSAL OF INTOXICATION TESTING.—

(1) **STUDY.**—The Secretary shall carry out under section 403 of title 23, United States Code, a study of the frequency with which persons arrested for the offense of operating a motor vehicle while under the influence of alcohol and persons arrested for the offense of operating a motor vehicle while intoxicated refuse to take a test to determine blood alcohol concentration levels and the effect such refusals have on the ability of States to prosecute such persons for those offenses.

(2) **CONSULTATION.**—In carrying out the study under this subsection, the Secretary shall consult with the Governors of the States, the States’ Attorneys General, and the United States Sentencing Commission.

(3) **REPORT.**—

(A) **REQUIREMENT FOR REPORT.**—Not later than 2 years after the date of the enactment of this Act, the Secretary shall submit a report on the results of the study to the Committee on Commerce, Science, and Transport-

tation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives.

(B) CONTENT.—The report shall include any recommendation for legislation, including any recommended model State legislation, and any other recommendations that the Secretary considers appropriate for implementing a program designed to decrease the occurrence of refusals by arrested persons to submit to a test to determine blood alcohol concentration levels.

Answer. The Runway Safety Report has been completed and the Federal Aviation Administrator transmitted the report to Congress on May 25th.

In December 2005, the Department met with House and Senate staff to discuss the timing of the alcohol testing report. We were very pleased when the Committees agreed to allow the deadline for this report to be moved until June 10, 2008. The issue of breath test refusals and its impact on the ability of States to prosecute impaired driving offenses is complex, which necessitated our request to delay the report. NHTSA awarded a contract in fiscal year 2006 to update an existing report on breath test refusals (using data from 2000) and added the requirement to study its impact on impaired driving prosecutions. The Department fully expects to meet the new deadline.

QUESTION SUBMITTED BY SENATOR TED STEVENS

INDIAN RESERVATION ROADS

Question. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) directs the Secretary of Transportation, in cooperation with the Secretary of Interior, to complete a comprehensive national inventory of transportation facilities eligible under the Indian Reservation Roads (IRR) program. This inventory is to be completed within 2 years of SAFETEA-LU's enactment. I have been contacted by tribes from across the country concerned their roads are not being included in the national inventory based on vague guidance from the Bureau of Indian Affairs (BIA) that varies from region to region as to what requirements must be met for a road to be accepted. Roads must be included in the inventory in order to receive funds through the IRR program

Given that the IRR program is jointly administered by the Federal Highway Administration (FHWA) and the Bureau of Indian Affairs (BIA), what is FHWA doing to ensure clear and uniform guidance to Tribes so their inventories may be accepted?

Answer. The Indian Reservation Roads (IRR) Program is jointly administered by the Bureau of Indian Affairs (BIA) and Federal Highway Administration (FHWA) and we are jointly working on the development of a comprehensive inventory of all facilities eligible for inclusion in the Program. Numerous changes to the IRR Program have taken place over the past few years, the most significant being the publication of the IRR Program Final Rule (25 CFR 170). This rule provides all of the regulations on how the IRR Program is to be carried out and was developed as a result of the negotiated rulemaking process between the Indian tribes and the Federal Government that was required in the Transportation Equity Act for the 21st Century (TEA-21).

During the first year under these new regulations (2005), it became evident that the requirements to have a road or facility included in the IRR Program inventory needed to be clarified. The IRR Coordinating Committee (which also was formed as a result of the Final Rule) recognized this fact and worked closely with BIA and FHWA representatives to develop a new comprehensive list of the requirements needed for IRR Program Inventory submittals. This updated list was presented to the Department of the Interior's Assistant Secretary Cason for his approval and a new policy letter was published with his signature on June 15, 2006.

The policy was provided to all of the BIA Regions and their respective tribes. Additional information and training was provided to the various Tribal Technical Assistance Program (TTAP) Centers throughout the country so that they too could provide training on this subject to the Tribes. As a result, the number of inventory sections that were submitted yet returned to the Tribes as incomplete substantially decreased last fiscal year and has continued to decrease this past year. With the ability to make the inventory system available to tribes directly through the Internet, we anticipate this reduction to continue.

Over the past few years, the number of miles included in the IRR Program inventory has increased from approximately 64,000 in fiscal year 2003 to over 85,000 this past year. One BIA Region that has witnessed a substantial increase in their IRR

Program inventory has been the Alaska Region where the number of miles in the approved IRR Program inventory has increased over 1,800 percent in the last 10 years.

Improvements to the IRR inventory process is an ongoing process in which the IRR Coordinating Committee, FHWA, and BIA are all jointly working together to develop and implement. It is well understood that it is in the best interest of everyone that the system be as simple as possible yet be carried out in a manner that is fair for all tribes. This is often difficult yet it is one that all of us involved are striving to accomplish.

SUBCOMMITTEE RECESS

Senator MURRAY. This subcommittee stands in recess until Thursday, March 1.

[Whereupon, at 11:12 a.m., Thursday, February 8, the subcommittee was recessed, to reconvene subject to the call of the Chair.]